COPY -Application East Tennessee Children's Hosp.

CN1401-002

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	eet or Route			County
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Kim	n H. Looney		Attorney	
Nar			Title	
	aller Lansden Dortch & Davis LLP			@wallerlaw.com_
	mpany Name		Email addr	
	1 Union Street; Suite 2700	Nashville		37219
	eet or Route	City	State	Zip Code
Sife	ect of Noute	Oity	Olalo	
Δtta	orney		615-850-8722	615-244-6804
	sociation with Owner		Phone Number	Fax Number
. <u>O</u> w	vner of the Facility, Agency or Inst	titution	1	
F	LT Children's Hamital Ac	acciption	Ino	865-541-80 <u>00</u>
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T	no of Ownership of Control (Choc	k One)		
. <u>Ty</u>	pe of Ownership of Control (Chec	K One,		
A.	Sole Proprietorship	_ F.	Government (State	of TN
В.	Partnership	_	or Political Subdivis	sion)
C.	Limited Partnership	G.	Joint Venture	
D.	Corporation (For Profit)	_	Limited Liability Co.	mpany
E.	Corporation (Not-for-Profit) X	_	Other (Specify)	-
L .	osipolation (Hat for Francis		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	
	sponse: Since the hospital is a non-	-profit corp	oration, there is no	other entity in the

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Response: Please see organization documents included as <u>Attachment A-3.</u>

5.	Name of Management/Operatin	g Entity (If	App	licable)	
	N/A_ Name				
	Street or Route			County	
	City			State Zip Code	
	PUT ALL ATTACHMENTS AT TORREFERENCE THE APPLICABLE			E APPLICATION IN ORDER AND R ON ALL ATTACHMENTS.	
6.	Legal Interest in the Site of the	Institution	(Ch	eck One)	
	A. OwnershipB. Option to PurchaseC. Lease of Years	<u>X</u> 		Option to Lease Other (Specify)	_
	PUT ALL ATTACHMENTS AT TREFERENCE THE APPLICABLE Response: Please see deed incle	E ITEM NUN	/IBE		
7.	Type of Institution (Check as ap	propriater	nor	e than one response may apply)	
	 A. Hospital (Specify) B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty C. ASTC, Single Specialty D. Home Health Agency E. Hospice F. Mental Health Hospital G. Mental Health Residential Treatment Facility H. Mental Retardation Institutional Habilitation Facility (ICF/MR) 		J. K. L. M. O. P.	Nursing Home Outpatient Diagnostic Center Recuperation Center Rehabilitation Facility Residential Hospice Non-Residential Methadone Facility Birthing Center Other Outpatient Facility (Specify) Other (Specify)	
8.	Purpose of Review (Check) as an	propriate	moi	re than one response may apply,	
	 A. New Institution B. Replacement/Existing Facility C. Modification/Existing Facility D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) E. Discontinuance of OB Services F. Acquisition of Equipment 	<u>X</u>		Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation] Change of Location Other (Specify)	

9.	Bed Complement Data Please indicate current and propose	ed distribution	on and ce	rtificatio	n of facili	ty beds.
	* *	Current	t Beds	Staffed	Beds	TOTAL Beds at Completion
	 A. Medical B. Surgical C. Long-Term Care Hospital D. Obstetrical E. ICU/CCU F. Neonatal G. Pediatric H. Adult Psychiatric I. Geriatric Psychiatric J. Child/Adolescent Psychiatric K. Rehabilitation L. Nursing Facility (non-Medicaid Certified) M. Nursing Facility Level 1 (Medicaid only) N. Nursing Facility Level 2 (Medicare only) O. Nursing Facility Level 2 (dually certified Medicaid/Medicare) P. ICF/MR Q. Adult Chemical Dependency R. Child and Adolescent Chemical Dependency S. Swing Beds T. Mental Health Residential Treatme U. Residential Hospice TOTAL *CON-Beds approved but not yet in 	nt	*CON	Beds	<u>O</u>	13 60 79
10.		4-3303 ospital				
11.	Certification Type h	443303 ospital				
12.	If this is a new facility, will certificati	ion be soug	ht for Med	dicare ar	nd/or Med	icaid? <u>N/A</u>
13.	Identify all TennCare Managed Care (MCOs/BHOs) operating in the propertreatment of TennCare participants? identify all MCOs/BHOs with which	osed service YES If the	e <i>area.</i> W e respons	/ill this p se to this	roject inv s item is y	olve the es, please
	Response: Blue Care, which includes Plan, and AmeriGroup	TennCare S	elect, Un	ited Heal	th Care Co	ommunity
	Discuss any out-of-network relation	ships in pla	ce with M	ICOs/BH	Os in the	area. N/A

NOTE: Section B is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. Section C addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

SECTION B: PROJECT DESCRIPTION

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response: See Attachment B, Project Description, I for a copy of the Executive Summary.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.
 - Describe the construction, modification and/or renovation of the facility (exclusive of Α. major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response: East Tennessee Children's Hospital (ETCH) is the only freestanding children's hospital serving the East Tennessee Perinatal Region. It was the first certified Comprehensive Regional Pediatric Center (CRPC) in Tennessee, which is the highest level of certification for pediatric care. The current facility is landlocked, with no remaining vertical building options, so that horizontal expansion is needed to update existing services and encourage the development of new programs. An

extensive master planning effort was undertaken in 2012, in order to complete programming and conceptual design for a building expansion to the existing facility. The applicant plans to build 211,499 square feet of new space and renovate 67,839 of existing space. The best site for the new building is the emergency department parking lot on the south side of White Avenue. The upper floors of the new building will bridge over the street to connect the new building to the existing main hospital. The expansion is planned to accommodate the renovation and expansion and relocation of the NICU and Neonatal Abstinence Syndrome (NAS) areas, as well as to consolidate the perioperative services on one floor. There will be no new beds as a result of this expansion, but the areas need to be expanded to allow for best practices in pediatric care. It is expected that the new floors will align and connect to those in the existing hospital on floors 2, 3 and 5. The renovation and expansion will include the following:

- 10 operating rooms and 4 procedure rooms: 2 large ORs (600 square feet), 8 medium ORs (500 square feet) and 4 procedure rooms (400 square feet)
- 48 Pre/Post Op bays to accommodate intake, pre- and postoperative care of both inpatients and outpatients in private settings, with options for opening up rooms between siblings
- Sterile processing to support surgery and procedure case preparations
- 44 private NICU rooms (including 4 twin rooms) on Level 5
- 16 private NICU rooms for NAS services to be located on Level 4 of the existing hospital, designed to the level of an ICU

Current ETCH facilities are at capacity. Over time, many family spaces in patient and public areas have been reduced or displaced to serve medical purposes. In some instances, the concept of patient and family centered care was not even incorporated into the planning, because the space was built so long ago. Portions of ETCH were built in the 1970's. Renovations occurred in the 1980's and again in the 1990's but these renovations are outdated as well. The facility is operating with outdated design spaces and outdated usage, which does not allow it to operate at maximum efficiency. The facility can no longer accommodate necessary growth, updates or services. Children's hospitals have changed significantly since ETCH was built and any renovations were completed. Programs should not only focus on the health of the child, but should incorporate the family in patient care. The areas that are the primary focus of the renovation and expansion are the NICU, the surgical areas, and the NAS unit.

In the NICU, having private rooms will help meet the family's needs for sleeping accommodations while being present 24/7 in a more home-like environment, as compared to the current open layout. The all-private room design will accommodate rooming-in for parents with a sofa bed, storage space for family, and most importantly a controlled environment for the baby and mother. References and research materials for family members during the stay are housed in the resource room which acts as a small library and business center. This, in turn, will enhance parent education in preparation for being discharged. Family support amenities will be enhanced to reduce the impact of extended stays. The unit's

family lounge will help parents during their stay by supplying a kitchen, showers, and laundry facilities. Along with decentralized stations, the new units will provide better direct observation of patients, increased responsiveness and presence of the medical team, and encourage closer relationships with the family.

The current Perioperative Services at ETCH are located on two levels: Floor 4 is Intake and Phase 2 Recovery, and Floor 6 is Pre-Op Holding, Surgery and Phase I Recovery (PACU). This bifurcated system is the result of growth without proper spatial accommodations, and requires elevator travel and handoffs with every patient transport. Patient spaces are not private, which is the current standard. Dedicated equipment storage is nonexistent, so surgical corridors are congested and partially blocked. The new PeriOp space will be radically changed. In PeriOp, the adaptable Pre-Post Op room will privatize the surgical experience, from intake to discharge. Unlike the curtained units of the past, the new model will provide acoustical abatement and visual privacy between adjacent occupants, while the decentralized workstation and break-away glass doors will help maintain constant visual access between, and among, patients and the care team. Inside, these rooms will be sized and zoned to accommodate families on one side of the patient, and caregivers on the other. Peri-operative histories, as well as exams and detailed post-operative care instructions, will be given in a private setting without disruption or intrusion. Keeping family informed of their child's progression through surgery, by means of tracking boards in designated public spaces, will allow families the freedom to leave the waiting room and alleviate potential anxiety and stress. Families will be notified when to be present for a post-op meeting with the surgeon/proceduralist, to be conducted in a private room, with comfortable furniture and media to illustrate the measures taken with each case. This project includes 48 pre- and post-operative bays to accommodate intake and pre- and postoperative care of both inpatients and outpatients in private settings, with options for opening up rooms between siblings.

The applicant currently operates three (3) endoscopy/pulmonology rooms and nine (9) operating rooms. It will add one (1) procedure room in order to have a dedicated negative room to perform bronchoscopy procedures. In addition, it will have shelled space for one operating room for future expansion. The majority of the current operating and procedure rooms are only 330 square feet. None are at usable square footage of 400 square feet, which is the current building standard for operating rooms. The applicant plans to have 2 large ORs (600 square feet), 8 medium ORs (500 square feet) and 4 procedure rooms (400 square feet).

The new NAS unit will be located on Floor 4 of the existing hospital building. The NAS population needs constant medication and supervision. Each of the patient rooms has an individual toilet and is similar in size to the NICU patient room. The neighborhood design allows for better patient monitoring and medication provision by shortening distances to the unit support functions. This neighborhood design also allows for future phased conversions of NAS into potential medical units, as the NAS baby occurrence is anticipated to decline. A roof garden is provided to allow for access to outdoor environments for the patient during their extended stay.

The applicant plans to build the new building first. This building is expected to include 211,499 square feet, including 40,900 square feet of shelled space for future expansion, and take approximately 2 years to build. It will be five stories tall,

and will connect to the existing building on floors 2, 3 and 5. A portion of the shelled space will be used for future outpatient clinics and space for support programs. It is anticipated that construction of the new building will take place over a two-year period. After the new building is complete and operational, certain services in the existing building will be relocated to the new building. As renovation begins, the health information management area on the ground floor will be temporarily relocated to the 3rd floor. No patient areas will require temporary relocation as a result of this project, which is unusual for a project of this size. The renovation portion of the project is expected to impact 67,839 square feet and take 18 months for completion.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response: There is no increase in beds as a result of this project. To the extent beds are relocated, this aspect of the project is described in response to Section B, Project Description, IIA above.

830

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

	,	200		Proposed	Pri	Proposed Final		Pro	Proposed Final	
	Existing	Existing	Temporary	Final		Square Footage			Cost/ SF	
A. Unit / Department	Location	SF	Location	Location	Renovated	New	Total	Renovated	New	Total
Material Management	Level 0	2,250	N/A	Level 0, 2	4,337	(4,337	\$85	\$0	\$85
Central Supplies	Level 0	1,500	N/A	Level 0	1,740	9.	1,740	\$85	\$0	\$85
LEAN	Level 0	115	N/A	Level 0	631	r	631	\$65	0\$	\$65
Shell Renovations	N/A	N/A	N/A	Level 1,3,6	6,450	, i	6,450	\$10	\$0	\$10
Family Resource	Level 1	185	N/A	Level 1	512	×	512	\$75	SO	\$75
Gift Shop Expansion	Level 1	910	N/A	Level 1	216	<u> </u>	216	\$50	\$0	\$50
HIM	Level 0	1,750	N/A	Level 1	2,442	•	2,442	\$85	80	\$85
Phlebotomy Expansion	Level 1	845	N/A	Level 1	1,055	ĸ	1,055	\$100	\$0	\$100
Pulmonary Expansion	Level 1	710	N/A	Level 1	1,123	54	1,123	\$115	\$0	\$115
Radiology Expansion & Renovation	Level 1	9,200	N/A	Level 1	2,119	70	2,119	\$150	\$0	\$150
Sedation & Procedure	Level 1	740	N/A	Level 1	870	3 1	870	\$130	\$0	\$130
Connection	N/A	N/A	N/A	Level 2	75	91	75	\$75	\$0	\$75
On-Call Suite	N/A	N/A	N/A	Level 3	1,038	,,•	1,038	\$200	80	\$200
Physician Lounge (Hospitalist)	Level 0	490	N/A	Level 3	219	,	219	\$150	\$0	\$150
CPG Suite	Level 3	225	N/A	Level 3	899	x	899	\$100	80	\$90
Satellite Pharmacy	N/A	N/A	N/A	Level 3	638	ÿ	638	\$175	\$0	\$175
Med Surgery Support	Level 3		N/A	Level 3	476	<u>(</u>	476	\$85	80	\$85
NAS	Level 3	12,180	N/A	Level 4	10,281	ř	10,281	\$150	\$0	\$150
Rehab	Level 4	930	N/A	Level 4	717		717	\$125	80	\$125
Family Sleep Suite	N/A	N/A	N/A	Level 5	1,877	0	1,877	\$250	\$0	\$250
EVS-Laundry-Family Sleep Suite	N/A	N/A	N/A	Level 5	230	1943	230	\$50	\$0	\$50
Chapel	Level 1	230	N/A	Level 5	468	<u>@</u>	468	\$100	\$0	\$100

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CPG (Intensivist) Offices	Level 5	985	N/A	Level 5	752	#3	752	\$90	\$0	\$100
Formula Lab	Level 5	80	N/A	Level 5	684	ŗ	684	\$150	\$0	\$150
Respiratory Care	Level 2,3,5	1,770	A/A	Level 5	1,991	¥	1,991	\$150	\$0	\$150
PICU Support	Level 5	380	A/A	Level 5	1,738	v	1,738	\$150	80	\$150
Coordinator Offices	Level 2,3,4,5	N/A	N/A	Level 6	809	r	808	\$75	\$0	\$75
Neurology	Level 1	2,440	N/A	Level 6	4,513	•	4,513	\$150	\$0	\$150
Child Life, Social Work, Pastoral Office	MOB Level	N/A		Level 6	3,685	e	3,685	\$85	\$0	\$85
Laboratory/Blood Bank	Level 1	4,395	N/A	Level 6	7,109		7,109	\$150	\$0	\$150
NICU	Level 5	13,025	N/A	Level 5	603	31,432	32,035	\$100	\$350	\$345
Surgery	Level 4,6	34,205	N/A	Level 3	(E)	40,172	40,172	\$0	\$370	\$370
Central Sterille	Level 0,6	2,400	N/A	Level 2	œ	5,820	5,820	\$0	\$300	\$300
Specialty Clinic	Level 3	7,000	N/A	Level 2	X	11,173	11,173	\$0	\$200	\$200
IV IG Suite	A/N	N/A	N/A	Level 2	*	2,331	2,331	\$0	\$150	\$150
	A/A	N/A	N/A	Level 4,3,2		40,884	40,884	\$0	\$125	\$125
	A/N	A/N	N/A	Level 2	É	1,692	1,692	\$0	\$200	\$200
Support (Public Toilet, JC)	Δ/Z	N/A	A/N	Level 3,5,6	1,303	657	1,960	\$100	\$150	\$117
Materials Management (Expansion)	N/A	N/A	A/A	Level P1,2	, 10	1,503	1,503	\$0	\$200	\$200
EVS (Expansion)-Laundry	Ψ/N	N/A	N/A	Level 2	ě	312	312	\$0	\$75	\$75
B. Unit/Depart. GSF Sub- Total					61,285	135,976	197,261			\$219
C. Mechanical/ Electrical GSF			经验据的	All Levels	•0	46,499	46,499	\$0	\$150	\$150
D. Circulation/ Structure GSF				All Levels	6,470	29,024	35,494	\$50	\$150	\$132
Total CSE					67 020	777	270 230	£111 00*	\$224 00*	\$197 OO*

This is the average cost per square foot.

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application):
 - 1. Adult Psychiatric Services
 - 2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
 - 3. Birthing Center
 - 4. Burn Units
 - 5. Cardiac Catheterization Services
 - 6. Child and Adolescent Psychiatric Services
 - 7. Extracorporeal Lithotripsy
 - 8. Home Health Services
 - 9. Hospice Services
 - 10. Residential Hospice
 - 11. ICF/MR Services
 - 12. Long-term Care Services
 - 13. Magnetic Resonance Imaging (MRI)
 - 14. Mental Health Residential Treatment
 - 15. Neonatal Intensive Care Unit
 - 16. Non-Residential Methadone Treatment Centers
 - 17. Open Heart Surgery
 - 18. Positron Emission Tomography
 - 19 Radiation Therapy/Linear Accelerator
 - 20. Rehabilitation Services
 - 21. Swing Beds

Response: Not applicable. No health care services are being initiated in this project.

D. Describe the need to change location or replace an existing facility.

Response: Not applicable. This is not a relocation or replacement project.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:
 - 1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 - 1. Total cost ;(As defined by Agency Rule).
 - Expected useful life;
 - 3. List of clinical applications to be provided; and
 - 4. Documentation of FDA approval.

Response: Not applicable.

b. Provide current and proposed schedules of operations.

Response: Not applicable.

- 2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations;
 - Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment.

Response: Not applicable.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Response: Not applicable.

- III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:
 - 1. Size of site (in acres);
 - 2. Location of structure on the site; and
 - 3. Location of the proposed construction.
 - 4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for <u>all</u> projects.

Response: The size of the site is 2.85 acres. Please see a copy of the plot plan included in <u>Attachment B-Project Description-III(A)</u>.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: The site is readily accessible to patients/clients. Cumberland Avenue, one of the main thoroughfares in Knoxville, is located one block from the south side of the hospital campus. It has regular bus service with stops close to the hospital.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

Response: Please see attached floor plan drawings included in <u>Attachment B-Project Description-IV.</u>

- V. For a Home Health Agency or Hospice, identify:
 - Existing service area by County;
 - Proposed service area by County;
 - 3. A parent or primary service provider;
 - 4. Existing branches; and
 - 5. Proposed branches.

RESPONSE: Not applicable. This application is not for a home care organization.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

- 1. Describe the relationship of this proposal toward the implementation of the State Health Plan and <u>Tennessee's Health: Guidelines for Growth.</u>
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Response: Following are the criteria for the renovation or expansion of an existing health care institution.

Need:

1. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

Response: The applicant is not adding beds but is working to right size the facility to meet the needs of the existing standard of care for children's hospitals. As is seen in the utilization tables included in response to Sections C-Need-5 and C-Need-6, ETCH is currently operating at a high level of capacity. The ability to add

additional patient areas will allow the facility to operate more efficiently and provide better patient care. ETCH is the only freestanding children's hospital in the East Tennessee Perinatal Region.

2. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Response: Current ETCH facilities are at capacity. Over time, many family spaces in patient and public areas have been reduced or displaced to serve medical purposes. In some instances, the concept of patient and family centered care was not even incorporated into the planning, because the space was built so long ago. Portions of ETCH were built in the 1970's. Renovations occurred in the 1980's and again in the 1990's but these renovations are outdated as well. The facility is operating with outdated design spaces and outdated usage, which does not allow it to operate at maximum efficiency. The facility can no longer accommodate necessary growth, updates or services. Children's hospitals have changed significantly since that time. Programs should not only focus on the health of the child, but should incorporate the family in patient care. The areas that are the primary focus of the renovation and expansion are the NICU, the surgical areas, and the Neonatal Abstinence Syndrome (NAS) unit.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

Response: Not applicable. This application is not for a Change of Site.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response: The project is consistent with the facility's long-range development plan, which was most recently updated in 2012.

Identify the proposed service area <u>and</u> justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

Response: The primary service area for the applicant includes Anderson County, Blount County, Hamblen County, Jefferson County, Knox County, Loudon County, Roane County, and Sevier County. This area comprises over 70% of the patient origin for ETCH. Its secondary service area includes the remainder of the 19 county East Tennessee Perinatal Region. Please see map included as Attachment C-Need-3.

4. A. Describe the demographics of the population to be served by this proposal.

Response: Below is a table showing the demographics of the population to be served. The table compares the primary service area to the entire East Tennessee Perinatal Region and to the State as a whole. The population for the primary service area is 976,178 persons, 324,374 persons for the secondary service area for a total service area population of 1,300,552 in 2014. The primary service area population is expected to increase 4.4% from 2014 to 2018 and the total service

area is expected to increase 4.0% from 2014 to 2018. The population for the State of Tennessee is expected to increase 3.7% during this same time period.

Population Estimates 2014

Age	Primary Service Area	Secondary Service Area	Total Service Area	State of Tennessee
0-4	54,486	17.528	72,014	401,571
5-9	55;496	19.354	74,850	419,628
10-14	58,749	19.759	78,508	426,430
15-19	62.151	19,675	81,826	428,957
20-44	308,589	95,202	403,791	2,172,095
45-64	270,522	88,707	359,229	1,758,033
65+	166,185	64,149	230,334	981,984
TOTAL	976,178	324,374	1,300,552	6,588,698

Source: TDH Population Projections, June 2013

Population Projections 2018

Age	Primary Service Area	Secondary Service Area	Total Service Area	State of Tennessee
0-4	57;683	19,170	76,853	413,432
5-9	54,558	19,485	74,043	416,944
10-14	58,145	20,156	78,301	433,217
15-19	63,596	20,446	84,042	443,997
20-44	313,884	99,355	413,239	2,213,167
45-64	281,431	86,962	368,393	1,810,339
65+	189,757	68,450	258,207	1,102,413
TOTAL	1,019,044	334,024	1,353,068	6,833,509

Source: TDH Population Projections, June 2013

Percent Increase (Decrease) 2014-2018

Age	Primary Service Area	Secondary Service Area	Total Service Area	State of Tennessee
0-4	5.9	9.4	6.7	3.0
5-9	(1.7)	0.7	(1.1)	(0.6)
10-14	(1.0)	2.0	(0.3)	1.6
15-19	2.3	3.9	2.7	3.5
20-44	17	4.4	2.3	1.9
45-64	4.0	(2.0)	2.6	3.0
65+	14.2	6.7	12.1	12.3
TOTAL	4.4	3.0	4.0	3.7

The following table shows certain demographic characteristics for the primary service area, the total service area, and the State of Tennessee. Shown is the population for women aged 15-44, the primary child bearing age, the median household income, and TennCare enrollees. The percentage of women aged 15-44 is very similar to the percentage of women in the State of Tennessee. The median household income is lower in both the primary service area and the total service area than the State of Tennessee. The percentage of persons enrolled in TennCare is slightly higher in the primary service area and slightly lower in the total service area than in the State of Tennessee.

DEMOGRAPHIC CHARACTERISTICS

Demographic	Primary Service Area	Total Service Area	State of Tennessee
Women Age 15-44 Population—2014	184,651	241,084	1,301,018
% of Population	19.1%	18.6%	19.7%
Women Age 15-44 Population—2018	187,578	246,482	1,326,526
% of Population	18.5%	18.4%	19.4%
Women Age 15-44 % Change 2014-2018	1.6%	2.2%	2.0%
Median Household Income	\$43,976	\$37,522	\$44,140
TennCare Enrollees (09/13)	150,688	227,731	1,198,663
Percent of 2013 Population Enrolled in TennCare	17.4%	19.1%	18.4%

Source: TDH Population Projections, June 2013; U.S. Census QuickFacts and FactFinder 2; TennCare Bureau

A significant amount of the population in the primary and secondary service areas is below the federal poverty line. The percentage in the primary service area ranges from 13.4% to 19.2%, and the percentage in the secondary service area ranges from 16.4% to 25.8%. The average for the state of Tennessee is 17.3 %. All but 2 counties in the primary service area are better than the average for the state of Tennessee, but only 1 county in the remainder of the East Tennessee Perinatal Region is better than the average for the state of Tennessee.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response: The applicant provides access to the fragile young population, and women, because it is a children's hospital. It serves low-income groups in that approximately 60% of its patient population is on TennCare. ETCH is requesting approval for this project so that it can better meet the needs of these patient populations.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to

list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response: The table below provides size and utilization data for all existing and approved Level II-B or higher NICU units in the 19-county East Tennessee Perinatal Region. As the information demonstrates, the services provided by ETCH are full, with an occupancy rate of 91.1 % for its NICU beds in 2012. The other facility in the area providing III-B services, is the University of Tennessee and its occupancy in 2012 is 62.8%. There are 142 Level II-B or higher NICU beds in the East Tennessee Perinatal Region, 127 Level III-B and 15 Level II-B, and all are located in Knoxville. UT is the only other facility that has PICU beds. In 2012, the utilization of PICU beds for ETCH was 51.0% and for UT was 22.7%.

Utilization of Neonatal Intensive Care Beds (Levels II-B & III-B) and Pediatric Intensive Care Beds

	T	2010				2011				2012	W	
Hospital	Reported Beds	Days	ADC	Occ'y	Reported Beds	Days	ADC	Occ'y	Reported Beds	Days	ADC	Occ'y
Tennova Healthcare			ă									
NICU, II-B	15	1,337	3.7	24.4%	15	1,576	4.3	28.8%	15	1,396	3.8	25.5%
ETCH			**									
NICU, III-B	44	13,079	35.8	81.4%	44	16,038	43.9	99.9%	60	19,944	54.6	91.1%
UT Medical			7									
NICU, III-B	62	14,089	38.6	62.3%	62	15,580	42.7	68.8%	67	15,359	42.1	62.8%

Source: Tennessee Department of Health Joint Annual Reports 2010-2012.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology <u>must include</u> detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: The following tables provide historical and projected bed utilization data for the applicant. The applicant is working hard to reduce the incidence of NAS, which would allow for increased utilization for other NICU patient populations.

ETCH OCCUPANCY RATE HISTORICAL AND PROJECTED

	2011	2012	2013	2017	2018
NICU Beds	99:9%	91.1%	91.5%	93%	95%
PICU	43.4%	51.0%	52%	53.5%	55%
Pediatrics	50.7%	63.0%	64.0%	64.5%	66%

Source: Tennessee Department of Health Joint Annual Reports 2010-2012 and East Tennessee Children's Hospital 2013 hospital data.

ECONOMIC FEASIBILITY

- 1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
 - All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
 - The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
 - The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
 - For projects that include new construction, modification, and/or renovation;
 <u>documentation must be</u> provided from a contractor and/or architect that support the estimated construction costs.

Response: Please see the project costs chart on the following page. Please see letter from the contractor included as <u>Attachment C-Economic Feasibility</u>, 1. The contractor's estimate of construction costs includes the cost for a parking deck, which are not required to be included as a part of this project. Therefore, the cost for the 57,000 square foot parking deck of \$4,840,240 is not included in the Project Costs Chart. Given the size and scope of this project, these costs are reasonable.

Α.	Cons	truction and equipment acquired by purchase:	1998/10 Care Ca Land Ca
	1.	Architectural and Engineering Fees	\$ 4,155,000
	2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	\$ 922,000
	3.	Acquisition of Site	
	4.	Preparation of Site	\$ 2,147,700
	5.	Construction Costs	\$55,088,800
	6.	Contingency Fund	\$ 1,860,000
	7.	Fixed Equipment (Not included in Construction Contract)	\$ 5,080,400
	8.	Moveable Equipment (List all equipment over \$50,000 - N/A)	\$ 903,100
	9.	Other (Specify) Moving expenses	\$ 200,000
В.	Acqu	isition by gift, donation, or lease:	
	1.	Facility (inclusive of building and land)	
	2.	Building only	
	3.	Land only	
	4.	Equipment (Specify)	
	5.	Other (Specify)	
C	Finai	ncing Costs and Fees:	
	1.	Interim Financing	
	2.	Underwriting Costs	\$ 1,200,000
	3.	Reserve for One Year's Debt Service	\$ 3,700,000
	4.	Other (Specify)	
D.	Estir	nated Project Cost (A+B+C)	\$75,257,000
E.	CON	I Filing Fee	\$ 45,000
F	Tota	I Estimated Project Cost	\$75,302,000

2.	Identify	the funding sources for this project.
	finance applic	check the applicable item(s) below and briefly summarize how the project will be ed. (Documentation for the type of funding MUST be inserted at the end of the ation, in the correct alpha/numeric order and identified as Attachment C, bmic Feasibility-2.)
	A.	Commercial loanLetter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
	B.	Tax-exempt bondsCopy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
	C.	General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
	D.	GrantsNotification of intent form for grant application or notice of grant award; or
\boxtimes	E.	Cash ReservesAppropriate documentation from Chief Financial Officer.
	F.	Other—Identify and document funding from all other sources.

Response: The applicant anticipates funding the project from a combination of the issuance of bonds and cash reserves. Please see Attachment C-Economic Feasibility-2 for letters from Zane Goodrich, Vice President for Finance and Chief Financial Officer, East Tennessee Children's Hospital; The Chair of The Health, Educational, and Housing Facility Board of the County of Knox, and John E. Cheney, Senior Vice President of Ponder and Company, which anticipates providing the financing for the bonds.

Discuss and document the reasonableness of the proposed project costs. If applicable, 3. compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: Hospital construction projects approved by the HSDA from 2010-2012 had the following construction cost per square foot:

*HOSPITAL CONSTRUCTION COST PSF 2010-2012

	Renovated Construction	New Construction	Total Construction
1 st Quartile	\$99.12	\$234.64	\$167.99
Median	\$177.60	\$259.66	\$235.00
3rd Quartile	\$249.00	\$307.80	\$274.63

Source: HSDA website—Cost per square foot ranges-construction.

This hospital construction project will have the following construction cost per square foot. The numbers are rounded to the nearest whole number.

EAST TENNESSEE CHILDREN'S HOSPITAL CONSTRUCTION COSTS

:	Renovation	New Construction	Total Project
Square Feet	67,839	211,499	279,338
Construction Cost	\$7,528,785	\$47,394,990	\$54,923,775
Construction Cost Per Square Foot	\$111.00	\$224.00	\$197.00

4. Complete Historical and Projected Data Charts on the following two pages--<u>Do not modify the Charts provided or submit Chart substitutions!</u> Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Response: Please see Historical and Projected Data Charts on the following pages.

HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in June.

fisca	I year begins in June.	Year 2013	Year 2012	Year 2011
Α.	Utilization Data (Adjusted Patient Days)	75,383	72,725	70,890
B.	Revenue from Services to Patients			
	Inpatient Services	\$222,826,251	\$216,304,313	\$178,495,814
	Outpatient Services	\$159,272,338	\$147,676,412	\$143,882,284
	3. Emergency Services	\$33,636,507	\$26,369,350	\$29,678,387
	Other Operating Revenue (Specify)	\$5,850,203	\$3,600,050	\$3,474,883
	Gross Operating Revenue	\$421,585,299	\$393,950,125	\$355,531,368
C.	Deductions for Operating Revenue			
	Contractual Adjustments	\$229,031,006	\$209,936,056	\$197,256,126
	Provision for Charity Care	\$962,359	\$1,131,609	\$948,000
	3. Provisions for Bad Debt	\$3,927,046	\$4,110,085	\$3,691,343
	Total Deductions	\$233,684,708	\$215,177,750	\$202,131,172
NET	OPERATING REVENUE	\$187,900,591	\$178,772,375	\$153,400,196
D.	Operating Expenses			
	Salaries and Wages	\$75,246,800	\$72,161,335	\$656,396,820
	2. Physician's Salaries and Wages	\$4,745,894	\$3,085,265	\$2,260,294
	3. Supplies	\$26,936,735	\$24,636,401	\$13,371,654
	4. Taxes	\$489,637	\$508,139	\$451,085
	5. Depreciation	\$7,666,801	\$7,175,490	\$6,650,391
	6. Rent	\$308,341	\$298,341	\$191,507
	7. Interest, other than Capital	-0-	-0-	-0-
	8. Other Expenses (Specify) Employee Benefits, Lab fees, service contracts, marketing, etc.	\$41,668,070	\$39,482,479	\$45,399,769
	Total Operating Expenses	\$157,062,278	\$147,347,450	\$133,721,520
E,	Other Revenue (Expenses)-Net (Specify) Physician Expense	\$1,140,998	\$2,762,412	\$4,610,465
NE	T OPERATING INCOME (LOSS)			
F.	Capital Expenditures	,		
	Retirement of Principal	\$1,100,000	\$1,050,000	\$1,005,000
	2. Interest	2,181,202	\$2,254,639	\$2,275,668
	Total Capital Expenditures	\$3,281,202	\$3,304,639	\$3,280,668
NE.	T OPERATING INCOME (LOSS)		*********	C14 707 540
LES	SS CAPITAL EXPENDITURES	\$26,416,113	\$25,357,874	\$11,787,543

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in

June		Year 2017	Year 2018
Α.	Utilization Data (Adjusted Patient Days)	77,635	78,799
В.	Revenue from Services to Patients		
	Inpatient Services	\$247,282,982	\$258,521,993
	2. Outpatient Services	\$181,199,957	\$195,122,856
	3. Emergency Services	\$37,303,977	\$38,999,442
	4. Other Operating Revenue (Specify) parking, cafeteria, gift shop, etc.	\$3,984,403	\$4,044,169
	Gross Operating Revenue	\$469,771,319	\$496,688,460
C.	Deductions for Operating Revenue		
	Contractual Adjustments	\$278,480,646	\$297,496,437
	2. Provision for Charity Care	\$1,397,361	\$1,477,933
	3. Provisions for Bad Debt	\$5,589,443	\$5,811,732
	Total Deductions	\$285,467,450	\$304,886,102
NET	OPERATING REVENUE	\$184,303,869	\$191,802,358
D.	Operating Expenses		
	1. Salaries and Wages	\$83,724,444	\$85,598,433
-	2. Physician's Salaries' and Wages	\$5,300,565	\$5,406,576
	3. Supplies	\$31,504,246	\$33,309,388
	4. Taxes	\$489,113	\$489,113
	5. Depreciation	\$9,442,547	\$11,888,976
	6. Rent	\$350,048	\$357,049
	7. Interest, other than Capital	-0-	-0
	8. Other Expenses (Specify) Employee Benefits, Lab fees, service contracts, marketing, etc.	\$44,029,527	\$47,299,520
	Total Operating Expenses	\$174,840,490	\$184,349,055
E.	Other Revenue (Expenses) - Net (Physician Expense)	\$1,067,755	\$1,089,116
NE	OPERATING INCOME (LOSS)	\$8,395,624	\$6,364,193
Fx	Capital Expenditures		
	Retirement of Principal	\$2,110,000	\$2,270,000
	2. Interest	\$3,720,000	\$3,560,000
	Total Capital Expenditures	\$5,830,000	\$5,830,000
NE	T OPERATING INCOME (LOSS)		0004.404
LES	SS CAPITAL EXPENDITURES	\$2,565,624	\$534,193

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: The project's average gross charge is approximately \$6,050 per adjusted patient day, the average deduction from operating revenue is approximately \$3,680 per adjusted patient day, and the average net charge is \$2,370 per adjusted patient day the first year of operation. Adjusted patient days include volume for both outpatient and emergency department services. The current inpatient average gross charge is \$5,721 per inpatient day, with the average deduction from operating revenue of \$3,381 per inpatient day, and the average net charge is \$2,340 per inpatient day.

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response: The applicant does not anticipate any changes to charges as a result of this project. The room rates for ETCH are as follows:

Pediatric Beds:

\$1,923 per day

NICU:

\$5,387 per day

PICU:

\$5,894 per day

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response: Since this is a freestanding children's hospital, there are no similar facilities in the service area and no recently approved projects that are comparable.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: The applicant has projected a minimal increase of 2-5% in utilization rates, which as the facility is already operating at a high utilization rate, will be sufficient to maintain cost-effectiveness.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: The applicant anticipates having net operating income of slightly over \$8,000,000 the first year of operation and slightly over \$6,000,000 the second year of operation, so that financial viability will be ensured within two years. ETCH currently has sufficient cash reserves to offset the operating capital required during the start-up phase of the project. See Attachment C-Economic Feasibility-2.

Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: The applicant anticipates that approximately 1% or \$1,397,361 of its net operating revenue is for charity care and 64% or \$118,000,000 of its net operating revenue is for Medicaid/TennCare in the first year of operation. As ETCH is a children's hospital, any revenue from Medicare is minimal.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response: Please see copies of the balance sheet and the income statement included as Attachment C, Economic Feasibility-10.

- 11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
 - a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

Response: The applicant has worked hard with its architect and contractor to accomplish the goals of this project in the most cost efficient manner. It feels that it has done the best job it can and that there are no less costly, more effective or more efficient alternatives to the new building that is planned. The hospital does currently have private rooms for most areas and the operating rooms are smaller than those currently being built for new hospital construction. Given the space constraints of the current building it is not possible to expand the ORs; the only option is to build new ORs. The space is also necessary to provide the optimal private space necessary for families of surgical patients.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response: The applicant is unable to accomplish what needs to be accomplished with renovation of space alone. In order to have the facility be brought up to current standards for children's hospitals, it is necessary to add the significant space that is being added.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Response: ETCH is designated as a comprehensive regional pediatric center (CRPC) by the state, and as such, is required to have transfer agreements will all hospitals in the region.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: Only positive effects on the health care system occur as a result of this project. ETCH is the only freestanding children's hospital in the East Tennessee Perinatal Region. Since no other facilities treat children exclusively, there should be no impact on existing providers. As stated elsewhere in this application, the physical plant at ETCH is seriously outdated. The hospital cannot operate as effectively or efficiently as it should without the renovations and expansion proposed by this project. In addition, the quality of the services offered could begin to suffer without these necessary renovation and expansion.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Response: The tables below show the current staffing pattern using FTEs for each unit and the average wages for these positions at East Tennessee Children's Hospital in comparison to the average wages in the region published by the Tennessee Department of Labor & Workforce Development.

EAST TENNESSEE CHILDREN'S HOSPITAL CURRENT STAFFING PATTERNS FTES

Unit	RN	LPN	Tech/CNA	HUC/Unit Secretary	Total
NICU	108	4	25	12	149
OR	22	1	22	2	47
PACU	12	0	2	1	15
OPS	14	0	5	2	21

EAST TENNESSEE CHILDREN'S HOSPITAL AVERAGE WAGES AND AVERAGE WAGES IN THE REGION

Position	Average for ETCH	Average in Region
Assistant Nurse Manager	\$28.93	Not listed
Nurse	\$23.86	\$22.50
Personal Care Assistant	\$11.18	\$11.00 (Nursing Assistants)
ER Tech	\$12.87	Not listed

Source: Tennessee Department of Labor & Workforce Development data on 2013 Tennessee Occupational Wages in Knoxville, MSA; East Tennessee Children's Hospital facility data.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response: The applicant anticipates using current staff and does not anticipate having to hire new staff as there is not an expansion to the number of beds.

Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

Response: As the facility is an existing hospital, the applicant understands and intends to comply with all licensing certification requirements for the State of Tennessee for medical/clinical staff.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Response: The applicant participates in training programs for the following Schools of Nursing: University of Tennessee, South College, Carson Newman College, Lincoln Memorial University, Tennessee Technological University, Tennessee Wesleyan, Walters State Community College, Roane State Community College, and Pellissippi State. The application participates in resident rotations for the family practice program at ETSU's Quillen College of Medicine, medical student rotations at Lincoln Memorial University and the surgical residency program at UT.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response: As the applicant is an existing licensed hospital, it has reviewed and understands and currently follows the licensure requirements of the Department of Health and/or any applicable Medicare requirements.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

Response: Department of Health, Board for Licensing Health Care Facilities.

Accreditation: 28

Response: Joint Commission; College of American Pathology (Lab)

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response: The applicant is currently in good standing with all licensing, certifying and accrediting agencies. Please see attached a copy of license from the State of Tennessee, included as <u>Attachment C-Need-Contribution to the Orderly Development of Health Care, 7(c).</u>

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response: All deficiencies have been corrected. A copy of the most recent inspection report and approved plan of correction are included as <u>Attachment C-Need-Contribution to the Orderly Development of Health Care, 7(d).</u>

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response: Not applicable.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

Response: Not applicable.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: If approved, the applicant will provide the HSDA and/or the reviewing agency with information requested as appropriate.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dataling intent or submit a publication affidavit from the newspaper as proof of the and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

Response: Please see publication which occurred in the Knoxville News Sentinel on Friday, January 10, 2014.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- Please complete the Project Completion Forecast Chart on the next page. If the 1. project will be completed in multiple phases, please identify the anticipated completion date for each phase.
- If the response to the preceding question indicates that the applicant does not 2. anticipate completing the project within the period of validity as defined in the preceding paragraph, please state below any request for an extended schedule and document the "good cause" for such an extension.

Response: As the project will need to be staged in phases, the applicant is requesting additional time to complete the project and anticipates that it should be able to do so in approximately four years.

> Form HF0004 Revised 05/03/04 Previous Forms are obsolete

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in TCA § 68-11-1609(c) April 23

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

			Anticipated Date
Phase		<u>DAYS</u> <u>REQUIRED</u>	(MONTH/YEAR)
1.	Architectural and engineering contract signed	<u>N/A</u>	2/15/2014
2.	Construction documents approved by the Tennessee Department of Health	101	8/1/2014
3.	Construction contract signed	<u>N/A</u>	3/1/2014
4.	Building permit secured	<u>101</u>	<u>8/1/2014</u>
5.	Site preparation completed	<u>196</u>	11/6/2014
6.	Building construction commenced	<u>197</u>	11/7/2014
7.	Construction 40% complete	<u>426</u>	6/23/2015
8.	Construction 80% complete	728	4/21/2016
9.	Construction 100% complete (approved for occupancy) new building**	<u>883</u>	9/23/2016
10.	*Issuance of license	900	10/1/2016
11.	*Initiation of service*	900	10/1/2016
12.	Final Architectural Certification of Payment	<u>915</u>	10/15/2016
13.	Final Project Report Form (HF0055)	930	11/1/2016

^{*} For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

** Renovation begins after occupancy of new building with the following schedule:

14.	Phase II-Construction Commenced	884	9/24/2016
15.	Phase II-Construction 40% Complete	<u>1,100</u>	4/27/2017
16.	Phase II-Construction 80% Complete	1,424	3/13/2018
17.	Issuance of license/initiation of service	1,43 <u>0</u>	3/19/2018
17.			4/2/2019
18.	Final Project Report Form	<u>1,445</u>	<u>4/3/2018</u>

AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, et seq., and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

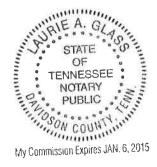
SIGNATURE/TITLE

Sworn to and subscribed before me this 15th_day of January, 2014 a Notary

Public in and for the County/State of Tennessee.

NOTARY PUBLIC

My commission expires January 6, 2015.



THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND • NOT A WHITE BACKGROUND • AND SECURITY VOID PATTERN 🚨 CHECK NO. EAST TENNESSEE

FIRST TENNESSEE BANK KNOXVILLE, TENNESSEE

87-719 642

050305

VENDOR NO. A8252

***\$45,000.00

VOID AFTER 90 DAYS

FORTY-FIVE THOUSAND 00/100

AY TO THE ORDER OF:

01/13/14

TENNESSEE HEALTH SERVICES AND

P.O. BOX 15010 • KNOXVILLE, TENNESSEE 37901

DEVELOPMENT AGENCY

ANDREW JACKSON BLDG, 9TH FLOOR

502 DEADERICK STREET NASHVILLE, TN 37243

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICAL WATERMARK • HOLD AT ANGLE TO VIEW

18 1 200 4 1 2 P #050305# #064207195#

Children's Hospital PO, BOX 15010 + KNOXVILLE	E, TENNESSEE 37901	Detach Before Depo	CHECK DATE	01/13/2014 050305	
INVOICE NO.	DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	NET PAY
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Attachment A-3 Organizational Documents



STATE OF TENNESSEE **Tre Hargett, Secretary of State**

Division of Business Services

William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL Nashville, TN 37243-1102

WALLER LANSDEN DORTCH & DAVIS LLP **SUITE 2700 511 UNION STREET** NASHVILLE, TN 37219

Request Type: Certified Copies

Request #:

117108

Issuance Date:

01/02/2014

Copies Requested: 1

Document Receipt

Receipt #: 1251721

Filing Fee:

\$20.00

Payment-Check/MO - WALLER LANSDEN DORTCH & DAVIS LLP, NASHVILLE, TN

\$20.00

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC., Control # 72532 was formed or qualified to do business in the State of Tennessee on 01/26/1946. EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC. has a home jurisdiction of TENNESSEE and is currently in an Active status.

Secretary of State

Processed By: Nichole Hambrick

The attached document(s) was/were filed in this office on the date(s) indicated below:

Reference #	Date Filed	Filing Description
BO15P0043	01/26/1946	Initial Filing
BP52P1099	02/21/1968	Articles of Amendment
460 01000	02/02/1984	Registered Agent Change (by Agent)
592 01215	01/30/1986	Administrative Amendment
2078-0385	02/11/1991	CMS Annual Report Update
2544-0864	09/09/1992	CMS Annual Report Update
2743-0445	10/07/1993	CMS Annual Report Update
4013-0785	09/25/2000	2000 Annual Report (Due 10/01/2000)
4261-0615	07/30/2001	2001 Annual Report (Due 10/01/2001)
4541-1079	06/27/2002	2002 Annual Report (Due 10/01/2002)
4881-0415	08/06/2003	2003 Annual Report (Due 10/01/2003)
5179-1300	07/08/2004	2004 Annual Report (Due 10/01/2004)
5515-1065	07/25/2005	2005 Annual Report (Due 10/01/2005)
5849-2533	08/18/2006	2006 Annual Report (Due 10/01/2006)

Phone 615-741-6488 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

The attached document(s) was/were filed in this office on the date(s) indicated below:

Reference #	Date Filed	Filing Description	
6122-2157	09/04/2007	2007 Annual Report (Due 10/01/2007)	
6277-1617	04/02/2008	Registered Agent Change (by Entity)	
6363-2309	08/15/2008	2008 Annual Report (Due 10/01/2008)	
6448-1080	02/17/2009	Articles of Correction	
6607-1971	10/05/2009	2009 Annual Report (Due 10/01/2009)	
6778-0177	10/01/2010	2010 Annual Report (Due 10/01/2010)	
6925-0049	08/03/2011	2011 Annual Report (Due 10/01/2011)	
7087-3107	09/14/2012	2012 Annual Report (Due 10/01/2012)	
7245-0639	10/02/2013	2013 Annual Report (Due 10/01/2013)	

STATE OF TENNESSEE

Charter of Incorporation

Be it Known, That Eugh B. Fielden, Oscar Schwarzenberg, J. W. Mingre, Jr., Walter P.

Taylor, Burton E. Forster, Henry P. Salbraith, Dr. Robe t F. Patterson, Dr. George Inge, Dr. Jarrell Penm, N. C. Mazwell, Glen C. Johnson, and Mailace Frazier, Dr. Herachel Penn, and B. R. Stripling are hereby constituted a body politic and corporate, by the name and kyle of "EAST TENNESSEE CRIPPLED CHILDREN'S HOSPITAL ASSOCIATION, INC."

ASSOCIATION, INC.

crippled by disease or otherwise, and to do all and such other acts and have such powers as may be granted under the provisions of Section 4146 (2) of the Code of Tennessee, which reads as

"The Support of any benevolent or charitable undertaking, as a lodge of Masons, Odd Fellows, hospitals for the sick, orphan usylums, and all other objects of like nature."

The offices of the corporation shall be at 1901 West Clinch Avenue, Knoxville, Tennessee.

which it may after at pleasure; if no common seal, then the signature of the name of the corporation, by any duly authorized officer, shall be legal and binding. (3) Any corporation chartered under the laws of Tennessee for religious, charitable, educational, missionary, or other eleemosynary purposes, and not for profit, shall have the power to receive property, real, personal or mixed, by purchase, gift, devise or bequest sell the same and apply the proceeds toward the promotion of the objects for which it is created, or hold any such property and apply the income and profits towards such objects. (4) Any corporation heretefore chartered for

name of the office, and fix the compensation of the officer. (8) To borrow money to be used in payment of property bought by it. and for erecting buildings, making improvements, and for other purposes germane to the objects of its creetion, and secure the repayment of the money thus borrowed by mortgage, pledge, or deed of trust, upon such property, real, personal, or mixed, as may be owned by it; and it may, in like manner, secure by mortgage, pledge, or deed of trust, any existing indebtedness which it may have lawfully contracted.

The said five or more corporators shall, within a convenient time after the registration of this charter, sect from their number a president, secretary, and treasurer, or the last two officers may be combined into one, said officers and the other corporators to constitute the first board of directors. Any corporation not for profit may increase its directors or trustees to a number not more than one hundred, by due and proper amendment to its by-laws, unless otherwise specifically provided. In all elections each member to be entitled to one vote, either in person or by proxy, and the result to be determined by a majority of the votes cast. Due notice of any election must be given by advertisement in a newspaper, personal notice to the members, or a day stated on the minutes of the board one month preceding the election. The term of officers may be fixed by the by-laws, the said term not, however, to exceed three years. All officers hold office until their successors are duly elected and qualified.

The general welfare of society, not individual profit, is the object for which this charter is granted, and the members are not stockholders in the legal sense of the term, and no dividends or profits shall be divided among the members.

The board of directors shall keep a record of all their proceedings, which shall be at all times subject to the inspection of any member. The corporation may establish branches in any other county in the state.

The members may, at any time, voluntarily dissolve the corporation, by a conveyance of its assets and property to any other corporation holding a charter from the state for purposes not of individual profit, first providing for corporate debts. A violation of any of the provisions of the charter shall subject the corporation to dissolution at the instance of the state.

The charter is subject to modification and amendment; and in case said modification ... amendment is not accepted, corporate business is to cease, and the assets and property, after payment of debts, are to be conveyed, as aforesaid, to some other corporation holding a charter for purposes not connected with individual profit. Acquiescence in any modification, thus declared, shall be deter mined in a meeting of the members especially called for that purpose, and only those voting in favor of the medification shall thereafter compose the corporation.

The means, assets, income, or other property of the corporation shall not be employed, directly or indirectly, for any other purpose whatever than to accomplish the legitimate objects of its creation, and by no implication shall it engage in any kind of trading operation, nor hold any more real estate than is necessary for its legitimate purposes,

Expulsion shall be the only reacely for the nonpayment of dues by the members, and there shall be no individual liability against the members for corporate debts, but the entire corporate property shall be liable for the claims of creditors.

We, the undersigned, the incorporators above mentioned, hereby apply to the State of Tennessee for a charter of incorporation For the purposes declared in the foregoing instrument

Witness our hands this, the

day of

	11170				
Rov.	Mrs.	J.	E.	c.	Williams
Rev.	Arde	lla	Mo	JE W	<u> </u>
Rov.	W111	Pa	tte	rao	n
Rov.	Lena	Ho	16		

SUBSCRIBING WITNESS:

Pope J. E. C. Williams

STATE OF TENNESSEE, COUNTY OF

Personally appeared before me named incorporators,

(Clerk of the County Court or Notacy Public), the within

with whom I am per onally accuranted, and who acknowledged that they executed the within application for a Charter of Dicorporation for the purposes therein contained and expressed

Witness my hand and official seal at office in

. Tennessee, this

day of

19

(If Notacy Public) My commission expires

the take

(Signature of County Court Clerk or Notary Public)

19

Official Title)

(Certificate of Probate for Subscribing Witness, if Not Acknowledged by all of the Incorporators)

STATE OF TENNESSEE, COUNTY OF Levidson

of said County, the within named Pope J. E. C. Williams Personally appeared before me a Notary Public of said County, the within named Pope J. E. C. William the subscribing witness and incorporator, with whom I am personally acquainted, and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed; and the said Pope J. E. C. Williams, subscriping actness to the signal-tree colored to the within application, being first only sworn, deposed and said that he is persomally accumuled with the within named incorporators. Rev. Mrs. J. E. C. billiams, Rev. Ardella Mongan,

Rev. Will Pattercon and Rev. Lens Holt

and they did in his presence ad nowle be that they executed the within application to a Chart real fit year each of the presence therein command and expressed.

Witness my band and official sent at office in Nashville

, Tennessee, this 25 day of 10 40

(SEAL)

Clarice Miller

(Signature of Course Court Mericar Notary Public)

Arril (If Notary Public). My commission expires.

19 4A

(Official Title) Notary Public

Jankley! 5

AMENDMENT TO CHARTER OF INCORPORATION

At a Meeting of the Board of Directors of

EAST TENNESSEE CRIPPLED CHILDREN'S HOSPITAL ASSOCIATION, INC. Name of Corporation
duly held at the office of said corporation in Knoxville, Tennessee , on the 6th day of
February , 19 68, the following resolution was adopted, its advisability declared and a meeting
of the stockholders duly called to vote thereon; which resolution is as follows:
WHEREAS, a special call meeting of the sixty (60) member
Board of Directors was held on February 6, 1968, and
WHEREAS, motion was made and duly seconded that the legal
name of the hospital be changed to be as follows:
"EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC."
WHEREAS, said Resolution was unanimously carried.
NOW THEREFORE, be it resolved that the official and
legal name of the hospital be, and the same is, "EAST TENNESSEE
CHILDREN'S HOSPITAL ASSOCIATION, INC." and the Secretary is
instructed to mail a true and perfect copy of this Resolution to
the Secretary of State, Nashville, Tennessee, so that the change of
name shall be noted in the records of the State of Tennessee
The second secon

We, Thomas H. Broadus and Hug	h B.Fielden	
East Tennessee Cl		, the President and
Secretary, respectively, of Hospital Association	Lon, Inc. , a corp	poration chartered and organized
N. C.		
under the laws of the State of Tennessee, in pursuan	ice to directions from t	he Directors of the companyion
Members	Total Control of the	ne Directors of the corporation,
hereby certify that at a meeting of the stockholders	of said corporation, leg	ally called and held at the office
Vnauu-111-		. Af
of said corporation in the town of Knoxville,	ennessee	esolution in writing was adopted
Members		
by an affirmative vote of the stratebackers, said affirm	ntirra mata manganawati s	Members
		majority of the summer are successive
Mem		
in said corporation, declaring the desire of the attent	Editor to amend the ch	arter of their said company for
	247 W. Y.	
the purposes set forth in said resolution above set	out, and that said reso	lution was duly entered on the
	2 1.1	resion was daily entered on the
minutes of said corporation.		# 15 Page 19 19 19 19 19 19 19 19 19 19 19 19 19
minutes of said corporation,		
	× 27 27 27 27 27 27 27 27 27 27 27 27 27	Members
Now, therefore, we hereby certify to the fact of	the adoption of said re	solution by the xburkbuldens of
said corporation for the purposes set out, to the end t	hat this coutlings in the	
and corporation for the purposes set out, to the end t	nat this certificate may	be duly recorded in the office of
	31.7	N Y.=
the Secretary of State.	45.40	
WITNESS our hands, this theday of	'ebruary 10	68
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	/ noma	17/Sugalin
	/ Presid	lent or Vice-President
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	Secret	ary or Asst. Secretary
	0	- 4
STATE OF TENNESSEE	THE STATE OF THE PARTY OF THE P	e e evinase v
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COUNTY OF	2 4 1	8
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Personally appeared before me, a Notary Pub	of the county a	foresaid, Thomas H. Broadus
Hugh B. Fielden	***	F (4)
and with whom	I am personally acquai	nted and who made oath before
	The first of the f	area min who made oath before
main due form of law that Thomas A Droadus		- Thombs D Min - 1 1
me in due form of law that <u>Thomas A. Broadus</u> East Tennessee Children	as the president an	Hudn B.FleIden
Bast Temmessee Children	- B	
is the Secretary of Hospital Association, I	and that the statemer	its made in the foregoing cortia
	10	and and an egoting cer mit-
cate are true.		
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/ITNESS my hand and official seal at office inK		1
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February , 196 8		mnessee, this 15th day of

440

I, JOE C. CARR, Secretary of State do hereby certify that this amendment to charter, with certificate attached, the foregoing of which is a true copy, was this day registered and certified to by me. This the 21st day of February, 1968.

JOE C. CARR,

SECRETARY OF STATE

FEE: \$10.00

106 PEG - MA 6 07

CHANGE

OF

REGISTERED AGENT

OF

EAST TENNESSEE CHILDREN'S HOPSITAL ASSOCIATION, INC.

To the Secretary of State of the State of Tennessee:

Pursuant to the provisions of Section 48-1201 of the Tennessee General Corporation Act, the undersigned domestic corporation submits the following statement for the purpose of changing the registered agent for the corporation in the State of Tennessee:

1. The name of the corporation is:

East Tennessee Children's Hospital Association, Inc.

2. The name and street address of its registered agent in the State of Tennessee shall be:

Robert F. Koppel East Tennessee Chidren's Hospital 2018 West Clinch Avenue Knoxville, TN 37916

Dated - January 30 , 1984.

EAST TENNESSEE CHILDREN'S HOSPITAL

ASSOCIATION, ING.

By

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Semelar



* 5 * 5 . 3: 1, 13 4, 13

THIS REPORT IS DUE ON OR BEFOREMAY 1. 1986

STATE OF TENNES 3EE
SECRETARY OF STATE

HEAD NOTICE AND INSTRUCTIONS	IN OTHER SIDE BEFORE MAKING ENTRIES
(1) (a) CORPORATION CONTROL NUMBER: 007.25.32	12) ENTER CHANGE OF ADDRESS OF CORPORATIONS
THIS REPORT WILL NOT BE FILED WITHOUT THIS NUMBER	PRINCIPAL OFFICE IN THE STATE OF INCORPORATION.
(1) (b) NAME AND ADDRESS OF CORPORATION:	STREET ADDRESS 2018 Clinch Avenue
EAST TEAMS CARE COLL	P.O. BOX NUMBER
EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC. ()	ary
1901 HEST CLINCH AVENUE	Ciji
THE REST CETION AVENUE	STATE ZIP CODE
KNOXVILLE IN 37916	NOTICE: ADDRESS CHANGE ENTERED ON THIS REPORT
	WILL NOT BE OF RECORD. SEE INSTRUCTIONS.
D 01/26/46 NOT FOR PROFIT	(3) FEDERAL EMPLOYER IDENTIFICATION NUMBER
IF THE ABOVE ADDRESS IS INCORRECT IN ANY WAY PLEASE CORDE.	CT IN BLOCK 2 (FEIN) 62-6002604
14) FRINCIPAL OFFICE OR PLACE OF BUSINESS IN TENNESSEE IF	A FOREIGN CORPORATION:
.STREET ADDRESS	CITY, STATE, ZIP CODE
(5) NAMES AND STREET AND MAILING ADDRESSES OF EACH OF	TIOPD ALLOW DE LOCATION
TITLE NAME STREET	FICER MUST BE COMPLETED: (ATTACH SEPARATE SHEET IF NECESSARY.)
SINCE	AND MAILING ADDRESS CITY, STATE, ZIP CODE Asheville Highway Knoxville, TN, 37914
VICE PRESIDENT Man Day Daddy TIT	0/31
	Box 99 Knoxville, TN. 37901
TREACHDER ALL TO THE PROPERTY OF THE PROPERTY	7700
The dames of semintal 020 5	. Gay Street Knoxville, TN. 37902
(6) NAMES AND STREET AND MAILING ADDRESSES OF BOARD C	OF DIRECTORS MUST BE COMPLETED: (ATTACH SEPARATE SHEET IF NECESSARY.)
NAME STREET A	ND MAILING ADDRESS CITY, STATE, ZIP CODE
See Attached	
(7) NAME AND ADDRESS OF REGISTERED AGENT:	Lon
H ODAN .	(8) CURRENT REGISTERED AGENT, IF DIFFERENT FROM BLOCK 7 OR NOT
ROPPEL ROBERT F 2018 WEST CLINCH AVENUE	ON RECORD (SEPARATE STATEMENT REQUIRED. SEE INSTRUCTIONS)
KNOXVILLE TN 37916	STREET ADDRESS
	STREET ADDRESS
	CITY, STATE, ZIP CODE
(9) THE NATURE AND CHARACTER OF THE BUSINESS IN WHICH THE	HE CORPORATION IS ENGAGED IS:
OTHER SERVICES, NOT CLASSIFIED	The state of the s
CHICK SEKATOES! MOI CEM2211-1FD	6 17 m
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	9, 161,
REMIT TEN DOLLARS \$10.00). MADE PAYABLE TO TENNESSEE SECRETARY OF STATE. (CHECKS OR MONEY ORDERS ARE PREFERRED)	(10) UNDER PENALTIES OF PERJURY, I DECEMBE THAT I HAVE
CEGILE ALL OF STATE OFFICERS ON WONET ORDERS ARE PREPERRED)	EXAMINED THIS REPORT, AND TO THE BEST OF MY KNOWLEDGE
MAIL REMITTANCE AND COMPLETED FORM TO:	AND BELIEF, IT IS TRUE, CORRECT, AND COMPLETE.
TENNESSEE SECRETARY OF STATE	SIGNATURE Willi If Brund use
JAMES K. POLK BUILDING, SUITE 500 NASHVILLE, TENN. 37219 ()	
NASHVILLE, TENN. 37219 433 28	TITLE President DATE 1-21-82

EAST TENNESSEE CHILDREN'S HOSPITAL

EXECUTIVE COMMITTEE

William G. Byrd, N.D., President 4529 Asheville Highway Knoxville, TN. 37914 522-8114 Office 588-7631 Home

Mr. Pat Roddy, III, Vice President P.O. Box 99
Knoxville, TN. 37901
546-6020 Office 584-3222 Home

Mr. William F. Searle, III, Secretary 717 S. Gay Street Knoxville, TN. 37902 525-5351 Office 524-3819 Home

Mr. James D. Schmid, Treasurer J.J.B. Hilliard, W.L. Lyons, Inc. 620 S. Gay Street Knoxville, TN. 37902 524-1217 Office 522-7705 Home

Donald E. Larmee, M.D., Member-at-Large 310 Forest Park Blvd. Knoxville, TN. 37919 588-3525 Office

OTHER NEMBERS OF THE BOARD

Mrs. Gretchen Beal 2312 Craig Cove Road Knoxville, TN. 37919 521-2500 Office 588-8035 Home

Mr. James S. Bush, President Johnson & Galyon, Inc. P.O. Box 160, 1130 Atlantic Avenue Knoxville, TN. 37901 688-1111 Office 687-9530 Home

Harold Diftler, D.D.S. 601 Concord Street 37919 524-1265 Office 524-4604 Home

Joseph S. Goodstein, President GSCD, Inc., Architects Planners 612 S. Gay Street, 4th Floor Knoxville, TN. 37902 546-7010 Office 522-1133 Home

John Maddox, M.D.
Suite N201, Newland Professional Bldg.
2001 Laurel Avenue
Knoxville, TM. 37916
546-2131 Office

Mr. Richard Meschendorf Home Federal of Tennessee 515 Market Street 37902 546-0330 Office 693-3750 Home

Mrs. Jeanne Roush, President, Auxiliary 5220 Riverbriar Road Knoxville, TN. 37919 588-2500 Home

Mr. John W. Payne, Jr., Executive Vice-Pres. Davis-Newman-Payne 4700 Coster Road 37912 688-3151 Office 693-1854 Home

Mr. David Piper
Arnett, Draper & Hagood
Suite 2300, Plaza Tower
Knoxville, TN. 37929
546-7000 Office 584-0001 Home

Mr. J. Finbarr Saunders, Jr. 3652 Talahi Drive Knoxville, TN. 37919 524-3584 Home

Mr. Bo Shafer
Shafer Insurance Agency
719 Dameron Avenue
Knoxville, TN. 37921
546-0761 Office 584-1844 Home

William F. Terry, M.D., Chief of Staff White Avenue and 22nd Street Knoxville, TN. 37916 525-0228 Office 584-2957 Home

Mrs. Julia Tucker 5600 Holston Hills Road Knoxville, TN. 3714 522-5976 <u>Home</u>

CHIEF OF STAFF ELECT

Martha Bushore, M.D. 512 Cheshire Drive Knoxville, TN. 37919 544-3335 Home MEMBER EMERITUS

Mr. T. H. Broadus P.C Box 19810 Knoxville, TN. 37919 SS OF THE PROPERTY OF

CORPORATION ANNUAL REPORT



STATE OF TENNESSEE

SECRETARY OF STATE

ឧប្ទាធ ប្រធាន

CURRENT FISCAL YEAR CLOSING MONTH: 01 IF DIFFERENT, CORRECT MONTH IS _______

THIS REPORT IS DUE ON OR BEFORE

05/01/91

Je III

REQUIRED INFORMATION OR CORRECTIONS TO COMPUTER ENTRIES MUST BE TYPED OR PRINCE	ь.
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THE OTHER PROPERTY OF CONNECTIONS TO COMPOTE	N ENTRIES MUST BE TTPEU ON PHINT, 10.
(1) CORPORATION CONTROL NUMBER: 0072532	(3) If the address as entered in Block 2 is incorrect.
This report will not be filed without this number.	you may enter your corporate mailing address here.
2) NAME AND MAILING ADDRESS OF CORPORATION:	STREET ADUNESS
EAST TENNESSEE CHILDREN'S HOSPITAL	F.O. POW MUMBER
ASSOCIATION, INC. (* *)	P.O. BOX NUMBER
2018 CLINCH AVENUE	CITY
KNOXVILLE, TN 37916	4
	STATE ZIP COD
7	
0 01/26/1946 NUN-PROFIT	
(4) is, PRINCIPAL OFFICE OF CORPORATION, as reflected on the records of the Secretary of State. (If plank or the	correct enter the correct street address, including any code. An amendment to the charter or an
entry country on animalistic restrictions of animalist developed to custode the process on the secolds. Forms ele traffic	àDie upon request i
1901 WEST CLINCH AVE, KNUXVILLE, TN 379	116
T 8	
Please enter any morning of megand to a different principal office address on this line	The second secon
[4] [b] STATE OF COUNT FOR PORATION (If blank or incorrect, please enter the correct approach for a Manded cultificate of authority is required to change the records. Forms are available to the country of the country	it name of the state or country under whose laws the corporation was formed. An
The state of the s	ana abou sadraze)
LLI Please entire correct infor	mater on this line
(5) Listle the names and business addresses of principal officers in this block. Attach a separate sheef if necessar sections Any two fit in more officers may be held by the same person, except the offices of president and secretary, of the inflamabilities and and example of the inflamabilities and and example of the principal of the princip	y Tennessae Code Annotated requires every domestic corporation to have a president and a
of the inflamat Resigned Code and are currently operating under its terms need not disclose the names and addressment on world disclose the names and addressment on the current of the cu	esses of their principal officers and board of directors. However, a copy of the IRS 501 (c) (3)
TITLE . D NAME D BUSINESS ADDRESS	CITY, STATE ZIP CODE
PRESDENT William C. Pared 4520 and 122	
william G. Byta 4529 Asneville Hwy.	Knoxville, TN 37914
VICE PRESIDENT	
SECRETARY William Searle, III 602 Gay Street	Paramilla ma anno
TREASURER Finharr Saundore Ir 1110 Vancana	MOXVIIIe, IN 37902
TREASURER Finbarr Saunders, Jr. 1110 Kenesaw Ave	e. Knoxville, TN 37919
SEE ATTACHED	
(7) This block contains the name of the registered agent and the address of the registered office req	urred by Tennessee Code Annolated, as currently designated with the Secretary
of State. Please do not alter information in this block, if the information has been pre-printed; any a RUBERT F KUPPEL	dditions or changes must be entered in Block 8.
2018 HEST CLINC, KNUXVILLE, IN 37916	
(8) To change or designate the registered agent and or the registered office, enter the name of the	renistered around and on the complete address of the registered affice. In all of
or our sum see, thy, stare, zip coop and county. A post time box is not acceptable. The streat addre	ss of the registered office and the husiness address of the registered areas much
be identical. The additional fitting tee for the registered agent registered office change or designation. New Registered Agent and or Registered Office, if different from Block 7.	in is 1en Dollars (\$10.00).
This block must contain the nature and character of the business in which the corporation is engaged and character of the business in which the corporation is engaged.	and which should be a sold to the first of the state of t
for certificate of authority at the time of filing. [NOTE: This block must be completed.]	aged, which should be consistent with those indicated in the charter or application
NO NO	LONGER REQUIRED
(10) THIS BLOCK APPLIES ONLY TO NONPROFIT COMPORATIONS.	
(a) Check the appropriate box as it applies to your nonprofit corporation. It is required that on	e, but not both, of the boxes be checked.
This corporation is a public benefit corporation. (A public benefit corporation is one that is amended incorporation document. If the corporation is recognized as exempt under Section 501 (c) within or chamble in the corporation.	13) of the lotherni Davingue Code or any avancement of the color of the
position chandle purpose and upon dissolution must distribute its assets to the United States a	state or person which is recognized as exempt under Section 501 (c) (3) of the
missing revenue code, or any successor section, it is a public benefit corporation.)	
This corporation is a mutual benefit corporation. (A mutual benefit corporation is one this an amended incorporation document.)	ar is designated as such by st.:tute, by the original incorporation document, or by
(b) If a domestic religious corporation, please check box	
NOTE: The filing of this annual report is required by Section 48-26-203 of the Tennessee Business Act. Failure to file the report within the prescribed time period may result in the corporate charter cer	Corporation Act or Section 48-66-203 of the Tennessee Nonprofit Corporation
and the additional filling the indicated must accompany this report or their be returned. The Correction	lock 8 will constitute a designation/change of registered agent/registered o :e.
order payable to the Tennessee Secretary of State, ATTN: Annual Reports, James K. Polk Builoffice at (515) 741-4994 for additional information as necessary.	Iding, Sulte 1800, Neshville, TN 37243-0306. Please feel free to contact this
[11] I declare that I have examined this record and to the best of my knowledge and belief distance.	
chairman of the board of directors, the president or another authorized officer.)	correct, and complete as or this date. [WOTE: The report must be signed by the
Willi Affrond ing	Dr. William G. Pured
7 9	Dr. William G. Byrd Nare of agner (as hyped or printed)
	Chairman of the Board
	* * * * * * * * * * * * * * * * * * *

EXECUTIVE COMMITTEE

William G. Byrd, M.D., Chairman RECEIVED William G. Byrd, M.D., Chairman Nr. Robert M. Goodfriend 4529 Asheville Highway
Knoxville, TN 37914

OlfEB!! All@cody's Family Clothing 522-8114 Office 971-1524 Home 400 Goody's Lane
Mr. Pat Roddy, III, Vice Chairman Ary Of Section Office 966-2630 Home

P.O. Box 50338 Knoxville, TN 37950 558-3000 Office 525-3222 Home

Mr. William F. Searle, III, Secretary 800 Burwell Building, 602 Gay Street 546-7010 Office 522-1133 Home Knoxville, TN 37902 521-6666 Office 524-3819 Home

Mr. Finbarr Saunders, Jr., Treasurer
1110 Kenesaw Avenue
Knovville Knoxville, TN 37919 584-1184 Office 524-3584 Home

John Maddox, M.D., Member-at-Large Knoxville, TN 37909-2643 Suite 420, 2100 Clinch Avenue 588-3525 Office 966-1100 Home Suite 420, 2100 Clinch Avenue Knoxville, TN 37916 546-2131 Office 584-6505 Home

OTHER MEMBERS OF THE BOARD

David Birdwell, M.D. Chief of Staff Chief of Pathology 544-3444 Office 525-8038 Home

Knoxville, TN 37901 688-1111 Office 687-9530 Home

J. Michael Connor, President Grady's, Inc. 6739 Kingston Pike Knoxville, TN 37919 584-2677 Office 584-8516 Home

Mrs. Joan C. Cronan UT Women's Athletic Director Room 207, Thompson-Boling Arena Knoxville, TN 37996 974-0001 Office 693-5522 Home

Harold Diftler, D.D.S. 601 Concord Street Knoville, TN 37919 524-1265 Office 524-4602 Home Mr. Joseph S. Goodstein, President Goodstein & Assoc. Architects, Inc. 612 S. Gay Street, Fourth Floor Knoxville, TN 37902

Mrs. Wanda Haralson Knoxville, TN 37919 523-3936 <u>Home</u>

Donald E. Larmee, M.D. 1124 E. Weisgarber Road, Suite 200

Robert R. Madigan, M.D. Vice Chief of Staff 1128 Weisgarber Road P.O. Box 51090 Knoxville, TN 37950-1090 558-4400 Office

Mr. Richard Meschendorf Senior Vice President Mr. James S. Bush, President
Johnson & Galyon, Inc.
P.O. Box 160, 1130 Atlantic Avenue

Fidelity Federal Savings & Loan
610 S. Gay Street
Knoxville, TN 37902
637-5316 Office 693-3750 Home

> Mr. Donald H. Parnell 1214 Craig Road Knoxville, TN 37919 544-2835 Office 584-5886 Home

Mr. John W. Payne 924 Marlboro Knoxville, TN 37919 693-1854 Home

Mrs. Julia Tucker 5600 Holston Hills Road Knoxville, TN 37914 522-5976 <u>Home</u>

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J.	F DETERBIT,		
CT MONTH IS	THIS REPORT IS	S DUE ON OR BEFORE	0/01/92
	2532 OR FEDERAL EMPLOY	VER IDENTIFICATION NUMBER:	
AND MAILING ADDRESS OF CORPORATION:		(28.) STATE OR COUNTRY OF	NCORPORATION:
EAST TENNESSEE CHILDREN	S HOSPITAL	TENNESSEE	(2) ×
ASSOCIATION, INC. (* *) 2018 CLINCH AVENUE		(2C) ADD OR CHANGE MAILING	ADDRESS:
KNOXVILLE, TN 37916		P.O. Box 15010	1
		Knoxville, TN	37901-5010
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J 01/26/1946 NON-PRO A PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZP			
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B. CHANGE OF PRINCIPAL ADDRESS:			
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2018 Clinch Avenue	Knoxville	TN	37916
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SEE ATTACHED	(Uperss)	1000	CITY, STATE, ZIP CODE + 4
SECRETARY	The season in	E VOV	
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	LIKK UEU	JEE LESSY	14 N 1
ARD OF DIRECTORS (NAMES, BUSINESS ADDRESS INCL. SAME AS ABOVE	UDING ZIP CODE). (ATTACH ADDIT	13 5 11 3 4 .	† ₀
I INONE	SOCOCOS ACCIONADO		7 6 E
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ME OF REGISTERED AGENT AS APPEARS ON SECRETAL	RY OF STATE RECORDS	37,0	
ROBERT F KOPPEL	* 466904	37,0	· · · · · · · · · · · · · · · · · · ·
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ROBERT F KOPPEL SISTERED ADDRESS AS APPEARS ON SECRETARY OF S 2018 WEST CLINC, KNOXVILL ATE BELOW ANY CHANGES TO THE REGISTERED AGEN K SA AND/OR SB.) THERE IS AN ADDITIONAL \$10.00 FL MATION. CHANGE OF REGISTERED AGENT: CHANGE OF REGISTERED A	STATE RECORDS: E, TN 37916 IT NAME AND/OR REGISTERED OFF ING FEE AND \$10.00 PRIVILEGE TA STATE TN OUR RECORDS REFLECT THAT YO F BLANK OR C PUBLIC MUTUAL CX BOX UNLESS OTHERWISE INDIC RELIGIOUS	TOTAL OF \$20.00 REQUENT OF SECOND RECORD TO THE SECOND TO THE SECOND RECORD TO THE SECOND TO	CODE + 4 COUNTY IS A PUBLIC BENEFIT OR A II RIATE BOX:

EXECUTIVE COMMITTEE

Mr. Richard Meschendorf, Chairman Mrs. Joan C. Cronan Executive Vice President
Union Planters National Bank
8517 Kingston Pike
Knoxville, TN 37919
UT Women's Athletic Director
Room 207, Thompson-Boling Arena
Knoxville, TN 37996
974-0001 Office 693-5522 Home Executive Vice President 693-7000 Office 693-3750 Home

Mr. Pat Roddy, III, Vice Chairman President, Roddy Coca-Cola P.O. Box 50338 Knoxville, TN 37950 558-3000 Office 525-3222 Home

Mr. Robert M. Goodfriend
President & CEO
Goody's Family Clothing
Knoxville, TN 37902

Mr. Robert M. Goodfriend
President & CEO
Goody's Family Clothing
400 Goody's Lane
Knoxville 521-6666 Office 524-3819 Home

Mr. Finbarr Saunders, Jr., Treasurer
1110 Kenesaw Avenue

Mr. Joseph S. Goodstein, President
Goodstein & Assoc, Architects, Inc. Knoxville, TN 37919 584-1184 <u>Office</u> 546-8262 <u>Home</u>

John R. Maddox, Jr., M.D. Member-At-Large Suite 420, 2100 Clinch Avenue Knoxville, TN 37916 546-2131 Office 584-6505 Home

OTHER MEMBERS OF THE BOARD

David Birdwell, M.D. Chief of Staff, ETCH 541-8193 Office 525-8038 Home

Mr. James S. Bush, President Johnson & Galyon, Inc. P.O. Box 3070, 1130 Atlantic Avenue Knoxville, TN 37927 688-1111 Office 687-9530 Home

William G. Byrd, M.D. 4529 Asheville Highway Knoxville, TN 37914 522-6143 Office 971-1524 Home

Mr. J. Michael Connor The Chop House 9700 Kingston Pike, Suite 6A Knoxville, TN 37922 531-2677 Office 584-8515 Home

Harold Diftler, D.D.S. 601 Concord Street Knoxville, TN 37919 524-1265 Office 524-4602 Home

Knoxville, TN 37933 966-2000 Office 966-2630 Home

612 S. Gay Street, Fourth Floor Knoxville, TN 37902 546-7010 Office 522-1133 Home

Donald E. Larmee, M.D. 1124 E. Weisgarber Road, Suite 200 Knoxville, TN 37909-2643 588-3525 Office 966-1100 Home

Mrs. Anne Palmer, President, Auxiliary 804 Mimosa Heights Drive 804 Mimosa Height Louisville, TN 37777 970-9772 <u>Home</u>

Robert R. Madigan, M.D. Vice Chief of Staff P.O. Box 51090 🚫 Knoxville, TN 37950-1090 558-4411 Office 690-2426 Home

Mr. Donald H. Parnell Mauldin Parnell, Inc. Two Centre Square, Suite 650 625 Gay Street Knoxville, TN 37902 544-2835 Office 584-5886 Home

Mrs. Julia Tucker 5600 Holston Hills Road Knoxville, TN 37914 522-5976 <u>Home</u>

SUITE 1800, JAMES K. POLK BUILDING NASHVRLE, TN 37243-0306 SC3 FRANCISCO FR.ING FEE - \$10.00; PRIVILEGE "AX - \$10.00; TOTAL AMOUNT DUE - \$20.00 HT FISCAL YEAR CLOSING MONTH F DIFFERENT, 10/01/93 CORRECT MONTH IS THIS REPORT IS DUE ON OR BEFORE (1) SECRETARY OF STATE CONTRO! NUMBER 0072532 OR FEDER 1 EMILLOYER IDENTIFICATION NUMBER (PA.) NAME AND MAILING ADDRESS OF CORPORATION: (28.) STATE OR COUNTRY OF INCORPORATION: EAST TENNESSEE CHILDREN'S HOSPITAL TENNESSEE ASSOCIATION. INC. (" ") P.O. BOX 15010 (2C.) ADD OR CHANGE MAILING ADDRESS KNOXVILLE. TN 37901-5010 01/26/1946 NON-PROFIT A. PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZIP CODE: 2018 CLINCH AVENUE, KNOXVILLE, TN 37916 B. CHANGE OF PRINCIPAL ADDRESS: STREET CITY STATE ** BLOCKS 4A AND 4B MUST BE COMPLETED OR THE ANNUAL REPORT WILLER RETURNED ** (4) A. NAME AND BUSINESS ADDRESS, INCLUDING ZIP CODE, OF THE PRESIDENT, SECRETARY AND OTHER PRINCIPAL OFFICERS. (ATTACH ADDITIONAL SHEET IF NECESSARY.) TITLE CITY, STATE, ZIP CODE + 4 PRESIDENT See Attached SECRETARY B. BOARD OF DIRECTORS (NAMES, BUSINESS ADDRESS INCLUDING ZIP CODE), (AT FACH ADDITIONAL SHEET IF NECESSARY.) SAME AS ABOVE OR LIST BELCW: **BUSINESS ADDRESS** See Attached (5) A. NAME OF REGISTERED AGENT AS APPEARS ON SECRETARY OF STATE RECORDS: ROBERT F KOPPEL B. REGISTERED ADDRESS AS APPEARS ON SECRETARY OF STATE RECORDS: 2018 WEST CLINC, KNOXVILLE, TN 37916 (B) INDICATE BELOW ANY CHANGES TO THE REGISTERED AGENT NAME AND/OR REGISTERED OFFICE. BLOCK 5A AND/OR 5B.) THERE IS AN ADDITIONAL \$10.00 FILING FEE AND \$10.00 PRIVILEGE TAX FOR A TOTAL OF \$20.00 REQUIRED FOR CHANGES MADE TO THIS James Pruitt A CHANGE OF REGISTERED AGENT: B. CHANGE OF REGISTERED OFFICE: STREET (7)A. THIS BOX APPLIES ONLY TO NONPROFIT CORPORATIONS, OUR RECORDS REFLECT THAT YOUR NONPROFIT CORPORATION IS A PUBLIC BENEFIT OR A MIJTUAL BENEFIT CORPORATION AS INDICATED BELOW: IF BLANK OR CHANGE, PLEASE CHECK APPROPRIATE BUX: PUBLIC PUBLIC MUTUAL B. IF A TENNESSEE RELIGIOUS CORPORATION, PLEASE CHECK BOX UNLESS OTHERWISE INDICATED. BIOMATURE Typer, all Mansor Skatch James Pruitt

WAL REPORT

Mr. Schart Meschendorf, Chairman Vice President () Union Plantary Mational Bank P.O. Box 1993 Knowvill Ch 37901-5993 549-2200 Office 693-3750 Home

Mr. Pat Roddy, III, Vice Chairman P.O. Box 53030 Knoxville, TN 37950 588-6373 Office 539-4444 Home

Mr. William F. Searle, III, Secretary 800 Burwell Building, 602 Gay Street Knoxville, TN 37902 521-6666 Office 524-3819 Home

Mr. Finbarr Saunders, Jr., Treasurer 1110 Kenesaw Avenue Knoxville, TN 37919 584-1184 Office 546-8262 Home

John R. Maddox, Jr., M.D.
Member-At-Large
2100 Clinch Avenue
Suite 420
Knoxville, TN 37916
546-2131 Office 584-6505 Home

OTHER MEMBERS OF THE BOARD

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Room 207, Thompson-Boling Arena
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974-0001 Office 524-3600 Home

> Robert M. Goodfriend Chairman of Board & CEO Goody's Family Clothing 400 Goody's Lane Knoxville, TN 37933 966-2000 Office 966-2630 Home

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President, Auxiliary
804 Mimosa Heights Drive
Louisville, TN 37377
970-9772 Home

Robert R. Madigan, M.D. Chief of Staff 1128 Weisgarber Road P.O. Box 51090 Knoxville, TN 37950-1090 558-4411 Office 558-3452 Home

Mr. Donald H. Parnell Mauldin Parnell, Inc. Two Centre Square, Suite 650 625 Gay Street Knoxville, TN 37902 544-2835 Office 584-5886 Home

Mrs. Julia Tucker 643 Alamo Avenue Knoxville, TN 37920-2772 579-7969 Home

Andy Zimmerman, M.D.
Vice Chief of Staff
2100 Clinch Avenue
Suite 440
Knoxville, TN 37916
521-6174 Office 690-0291 Rome

SEC STARY OF STATE SULL 1800, JAMES K. POLK BUILDING NAS, VILLE, TN. 37243-0306 AMOUNT DUE - \$20.00	03 0863
CURRENT FISCAL YEAR CLOSING MONTH: 06 IF DIFFERENT, CORRECT MONTH (3 THIS REPORT IS	DUE ON OR BEFORE 10/01/00 CT
(A) PERSONALLY OF STATE STATES OF ST	R IDENTIFICATION NUMBER:
(2A) NAME AND MAILING ADDRESS OF CORPORATION. EAST TENGESSEE CHILDREN S HASDITAL	(28.) STATE OR COUNTRY OF INCORPORATION: CT. TENNESSEE
ASSOCIATION, INC. D.O. ROX 15010 KNOXVILLE, TN 37901-5010	(2C.) ADD OR CHANGE MAILING ADDRESSED OF STATE O
0 01/26/1946 NCN-PROFIT 273/13	
(3) A. PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZIP CODE- 2018 CLINCH AVENUE, KNOXVILLE, TN 37916 B. CH/ NGE OF PRINCIPAL ADDRESS:	
<u>STREET</u> <u>CITY</u>	STATE ZIP CODE + 4
* * BLOCKS 4A AND 4B MUST BE COMPLETED OR THE ANNU	AL REPORT WILL BE RETURNED * *
(4) A NAME AND BUSINESS ADDRESS, INCLUDING ZIP CODE. OF THE PRESIDENT, SECRETARY AND OT (ATTACH ADDITIONAL SHEET IF NECESSARY.)	HER PRINCIPAL OFFICERS.
PRESIDENT SEE ATTACHED	DRESS CITY, STATE, ZIP CODE + 4
SECRETARY	
B. BOARD OF DIRECTORS (NAMES, BUSINESS ADDRESS INCLUDING ZIP CODE). (ATTACH ADDITION OR LISTED BELOW: NAME BUSINESS ADDRES SEE ATTACHED	
	* 1
(5) A NAME OF REGISTERED AGENT AS APPEARS ON SECRETARY OF STATE RECORDS: JAMES PRUITT	N A A
B. REGISTERED ADDRESS AS APPEARS ON SECRETARY OF STATE RECORDS. 2018 WEST CLINC, KNOXVILLE, TN 37916	
(6) INDICATE BELOW ANY CHANGES TO THE REGISTERED AGENT NAME AND/OR REGISTERED OFFICE. (BLOCK SA AND/OR SB.) THERE IS AN ADDITIONAL \$20.00 REQUIRED FOR CHANGES MADE TO THIS INFORMAL A. CHANGE OF REGISTERED AGENT:	ATION.
B. CHANGE OF REGISTERED OFFICE:	Ivi V
STREET CITY STATE	ZIP CODE + 4 COUNTY
7) A. THIS BOX APPLIES ONLY TO NONPROFIT CORPORATIONS. OUR RECORDS REFLECT THAT YOU MUTUAL BENEFIT CORPORATION AS INDICATED: IF BLANK OR CHANGE, PLEASE PUBLIC	R HONPROFIT CORPORATION IS A PUBLIC BENEFIT OR A CHECK APPROPRIATE BOX: PUBLIC MUTUAL
B. IF A TENNESSEE RELIGIOUS CORPORATION, PLEASE CHECK BOX UNLESS OTHERWISE INDICATED	RELIGIOUS
e) SIGNATURE - James Frank	(9) DATE 9/20/00
10) TYPE PRINT NAME OF SIGNER:	(11) TITLE OF SIGNER
James K. Pruitt * * THIS REPORT MUST BE DATED AN	Vice President for Finance D SIGNED * *

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CONTINUED ON BACK

REVISED 7/00

EXECUTIVE COMMITTEE

Mr. James S. Bush, Chairman
President, Johnson & Galyon, Inc.
P.O. Box 3070
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e-mail - jimbush@johnsongalyon.com

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CURRENT FISCAL YEAR CLOSING MONTH: 08 IF DIFFERENT, CORRECT MONTH IS	THIS REPORT IS	DUE ON OR BEFORE	10/01/01	S
(1) SECRETARY OF STATE CONTROL NUMBER: 0072532				
(2A) NAME AND MAI' ING ADDRESS OF CORPORATION:	10	28.) STATE OR COUNT	RY OF INCORPO	ORATION:
	- 8	TENNESSEE	8 16	
EAST TENNESSEE CHILDREN S HOSPI ASSOCIATION, INC. P.O. BOX 15010	TAL	2C.) ADD OR CHANGE	MAILING ADD	RESS:
KNOXVILLE, M 37901-5010		V.	1/6	
D 01/26/1945 NON-PROFIT				
(3) A PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZIP CODE: 2018 CLINCH AVENUE, KNOXVILLE, TN 37916		5		* 1
B. CHANGE OF PRINCIPAL ADDRESS:	20			
STREET	city	<u>s</u> 1	TATE :	ZIP CODE + 4
(5) BOARD OF DIRECTORS (NAMES, BUSINESS ADDRESS INCLUDING ZIP CODE). (A OR LISTED BELOW: NAME	TTACH ADDITIONAL BUSINESS ADDRES			AS ABOVE RONE CITY, STATE, 21P CODE + 4
See Attached				

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(6) A. NAME OF REGISTERED AGENT AS APPEARS ON SECRETARY OF STATE RECOR	000	***		
JAMES PRUITT	10 3.		1 mg	မ္က ႏွ
B. REGISTERED ADDRESS AS APPEARS ON SECRETARY OF STATE RECORDS:			7-70	189 -
2018 WEST CLINC, KNOXVILLE, TN 37916 C. INDICATE BELOW ANY CHANGES TO THE REGISTERED AGENT NAME AND/OR	DZCIRTEBEN AFEIA	•	22	PH 10
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	TN REFLECT THAT YOU CORRECT, PLEA	IR NONPROFIT CORPOR SE CHECK APPRO	RATION IS A PU	: PUBLIC
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B. IF A TENNESSEE RELIGIOUS CORPORATION, PLEASE CHECK BOX IF BLANK.		Ri	ELIGIOUS	Acres de
18) SIGNATURE TO SECOND TO THE TOTAL PROPERTY OF THE PROPERTY		(9) DATE 7/4/	01	
(10) TYPE PRINT NAME OF SIGNER: James K. Pruitt	°,	(11) TITLE OF SIGN		t for Finance
* * THIS REPORT MUST E	BE DATED AN	D SIGNED * *		- ava saiming

REVISED 7/01

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Fax 688-11:14 Mobile 389-1873
e-mail - jimbush@johnsongalyon.com

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Mr. Michael C. Crabtree IdleAire Technologies Corporation 300 Riverview Tower 900 S. Gay Street Knoxville, TN 37932 Office 342-3620 Fax 342-3650 Home 691-9446 Fax 865-577-1618 Cell - 607-5759 Email mcrabtree@IdleAire.com

Ms. Dawn Ford, President Consumer Awareness Management P.O. Box 30121 Knoxville, TN 37930 Office 671-7249 Home 671-7247 Fax 671-7248 Email dfordtn@earthlink.net

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Donald E. Larmee, M.D. 1124 E. Weisgarber Road, Suite 200 Knoxville, TN 37909-2643 Office 588-3525 Home 966-1100 Fax 558-6153 Farragut 671-2595 Farragut Fax - 671-2598

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Mr. Dennis B. Ragsdale 1111 Northshore Drive, Suite S-700 Knoxville, TN 37919 Office 584-4040, Ext 203 Home 690-4204 Fax 584-6084

Mr. William F. Searle, III Ambrose, Wilson, Grimm & Durand P.O. Box 2466 607 Market Street - 9th Floor Knoxville, TN 37901-2466 Office 544-3000 Fax 637-1709

William F. Terry, M.D. 2201 Clinch Avenue Knoxville, TN 37916 Office 525-0228 or 525-1988 Fax 525-0285 Home 690-7745 Home Fax 691-8108

Mr. J. Laurens Tullock, President Cornerstone Foundation of Knoxville 900 S. Gay Street/1704 Riverview Tower Knoxville, TN 37902-1859 Office 637-1912 Home 584-3987 Fax 546-5199 Email ltullock@mindspring.com

Ms. Danni B. Varlan, Program Director Leadership Knoxville 1301 Hannah Avenue Knoxville, TN 37921 Office 523-9137 Home 531-7287 Fax 522-7312

CORPORATION ANNUAL REPO	ORT Please return completed form to:
Annual Report Filing Fee Du : \$20, if no changes are made in block #5 to the registered agent/office, or \$40, if any changes are made in block #6 to the registered agent/office	TENNESSEE SECRETARY OF STATE Attn: Annual Report 312 Eighth Ave. N, 6th Floor William R. Snodgrass Tower Nashville, TN. 37243
CURRENT FISCAL YEAR CLOSING MONTH: 06 IF DIFFERENT, CORRECT MONTH IS THIS REPORT IS	
(1) SECRETARY OF STATE CONTROL NUMBER 0072532	DUE ON OR BEFORE 10/01/02
(2A) NAME AND MAILING ADDRESS OF CORPORATION	28.) STATE OR COUNTRY OF INCORPORATION:
	TENNESSEE
EAST TENNESSEE CHILDREN S HOSPITAL ASSOCIATION, INC. P.O. BOX 15010	2C.) ADD OR CHANGE MAILING ADDRESS:
KNOXVILLE, TN 37901-5010	
D 01/26/1946 NON-PROFIT	
(3) A PRINCIPAL ADDRESS INCLUDING CITY, STATE ZIP CODE	
2018 CLINCH AVENUE, KNOXVILLE. TN 57916	
E CHANGE OF PRINCIPAL ADDRESS:	
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PRESIDENT See Attached SECRETARY	
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16) A NAME OF REGISTERED AGENT AS APPEARS - SECRETARY OF STATE RECORDS JAMES PRUITT	10:
B REGISTERED ADDRESS AS APPEARS ON SECRETARY OF STATE RECORDS 2018 WEST CLINC, KNOXVILLE, TN 37916	<u> </u>
C INDICATE BEI OW ANY CHANGES TO THE REGISTERED AGENT TIAME AND/OR REGISTERED OFFICE.	Ξ
(I): CHARGE OF REGISTERED AGENT:	
(II) CHANGE OF REGISTERED OFFICE:	
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(7) A THIS BOX APPLIES ONLY TO NONPROFIT CORPORATIONS. OUR RECORDS REFLECT THAT YOUR MUTUAL BENEFIT CORPORATION AS INDICATED: IF BLANK OR INCORRECT, PLEAS	SE CHECK APPROPRIATE BOX:PUBLIC
PUBLIC B. IF A TENNESSEE RELIGIOUS CORPORATION, PLEASE CHECK SOX IF BLANK.	MUTUAL
	RELIGIOUS
(e) SIGNATURE	(9) DATE June 18, 2002
(10) TYPE PRINT NAME OF SIGNER: James K. Pruitt	(11) TITLE OF SIGNER Vice President for Finance
* * THIS REPORT MUST BE DATED AND	D SIGNED * *

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REVISED 7/01

EXECUTIVE COMMITTEE

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President, Johnson & Galyon, Inc.
P.O. Box 3070
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Fax 688-1114 Mobile 389-1873
6-mail - jimbush@johnsongalyon.com

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* * THIS REPORT MUST BE DATED AND SIGNED * *



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Cell 697-1414 Fax 558-4471
Email - sprice@seortho.com (Sheila Price, Secretary)

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Chairman/CEO
Goody's Family Clothing
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Cell 567-4564 Fax 675-0570
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Revised 01/03

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Email anance@kcdc.org
Secretary - Ellie Berrier eberrier@kcdc.org

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Email terry@kpa.pcc.com (text only/no attachments)

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Comerstone Foundation of Knoxville
900 S. Gay Street
1704 Riverview Tower
Knoxville, TN 37902-1859
Office 637-1912 Home 673-9636
Fax 546-5199
Email Itullock@mindspring.com

Ms. Danni B. Varlan 7833 Corteland Drive Knoxville, TN 37909 Home 531-7287 Email dvarlan@hotmail.com

^{*}Lewis Harris, M.D., as Vice Chief of Staff, is not a member of the Board of Directors but attends assigned Committee and Board meetings.

CORPORATION AV	WIIAI PEPOPT	(2) (1997)		
Annual Report Filing Fee Due: \$20, if no changes are made in block #6 to the registered agent/office, or \$40, if any changes are made in block #6 to the registered agent/office	אר כותות ליתות ליתות A 31 W	ease return completed form to: NNESSEE SECRETARY OF STATE th: Annual Report 2 Eighth Ave. N, 6th Floor Illiam R. Snodgrass Tower ashville, TN. 37243		
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(1) SECRETARY OF STATE CONTROL NUMBER: 0072532				
(BA) NAME AND MAILING ADDRESS OF CORPORATION:	TENNESSEE	(28.) STATE OR COUNTRY OF INCORPORATION: TENNESSEE (20.) ADD OR CHANGE MAILING ADDRESS:		
EAST TENNESSEE CHILDREN S HOSPITAL ASSOCIATION, INC. P.O. BOX 15010	(2C.) ADD OR CHANGE MA			
KNOXVILLE TN 37903-5030				
A PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZIP CODE: 2018 CLINCH AVENUE, KNOXVILLE, TN 37916				
B. CHANGE OF PRINCIPAL ADDRESS:				
STREET	<u>CITY</u> <u>STAT</u>	ZIP CODE + 4		
MO NAME AND BUSINESS ADDRESS, INCLUDING ZIP CODE, OF THE PRESIDENT, SECRETAL (ATTACH ADDITIONAL SHEET IF NECESSARY.) TITLE MAME PRESIDENT See Attached SECRETARY	RY AND OTHER PRINCIPAL OFFICERS.	CITY, STATE, ZIP CODE + 4		
(ATTACH ADDITIONAL SHEET IF NECESSARY.) TITLE NAME PRESIDENT See Attached SECRETARY (5) BOARD OF DIRECTORS (NAMES, BUSINESS ADDRESS INCLUDING ZIP CODE). (ATTAC	BUSHNESS ADDRESS ADDITIONAL SHEET IF NECESSARY.)	SAME AS ABOVE NONE		
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* * THIS REPORT MUST BE DATED AND SIGNED * *



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Revised 12/03

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Revised 12/03

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Email anance@kcdc.org
Secretary - Ellie Berrier eberrier@kcdc.org

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Fax 546-5199
Email Itullock@mindspring.com

*Lewis Harris, M.D., as Vice Chief of Staff, is not a member of the Board of Directors but attends assigned Committee and Board meetings.

JUN - 6 2005 Annual Report Filing Fee Due: \$20, If no changes are made in block #6 to the \$40, if any changes are made in block #6 to the	registered agent/office, or	51.45 1	Atti 312 Will	ise return com INESSEE SECI II: Annual Rep Eighth Ave. M Iam R. Snodgi Inville, TN. 372	l, 6th Floor ress Tower
CURRENT FISCAL YEAR CLOSING MONTH: 06	IF DIFFERENT,	IIS REPORT IS DUE O		1/05	A3
1) SECRETARY OF STATE CONTROL NUMBER: 0072532		III REPORT 13 DUE O	NOR BEFORE 1070	1703	
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1994-0000.		986	NNESSEE	MCORPORATION	••
EAST TENNESSEE CHILD ASSOCIATION, INC. P.O. BOX 15010	NEH 2 HOSPITAL	(2C.) A	DD OR CHANGE MAIL	ING ADDRESS:	
KNOXVILLE, TN 37901		1			
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A. PRINCIPAL ADDRESS INCLUDING CITY, STATE, ZI 2018 CLINCH AVENUE, KNOXVILLE, TN 37			*		
8. CHANGE OF PRINCIPAL ADDRESS:					
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PRESIDENT See Attached SECRETARY		BUSINESS ADDRESS		CITY, STATE, Z	IP CODE + 4
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Revised 07/1/05

EXECUTIVE COMMITTEE

Mr. James S. Bush, Chairman Johnson & Galyon, Inc. P.C Box 3070 1130 Atlantic Avenue Knoxville, TN 37927

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Mr. Robert F. Koppel, President East Tennessee Children's Hospital 2018 Clinch Avenue Knoxville, TN 37916

Page 2

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Mr. J. Laurens Tullock, President Cornerstone Foundation of Knoxville 625 Market Street, Suite 1200 Knoxville, TN 37902-2204

Ms. Danni B. Varlan 7833 Corteland Drive Knoxville, TN 37909

CORPORATION ANNUAL REPORTAINMENT Annual Report Filing Fee Due: \$20, if no changes are made in \$40, if any changes are made in	T block #6 to the registered agent/ in block #6 to the registered agen	office, or t/office.	Please return completed form to: TENNESSE SECRETARY OF STATE Attn: Annual Report 312 Eighth Avenue N. 6th Floor William R. Snodgrass Tower Nashville, TN 37243		
CURRENT FISCAL YEAR CLOSING MONTH: 0	THIS REPORT IS		3 DUE ON OR BEFORE: 10/01/06		
(1) SECRETARY OF STATE CONTROL Num	ner: 0072532				
(2A.) NAME AND MAILING ADDRESS OF C	ORPORATION	2	(2B.) STATE OR COUNTRY OF INCORPORATION		
		_	TENNESSEE		
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(4) NAME AND BUSINESS ADDRESS, INCL (ATTACH ADDITIONAL SHEET IF NECES	UDING ZIP CODE, OF THE PRESIDENT, SE	CRETARY AND OTH	IER PRINCIPAL OFFICERS.		
Title Name	Business Add	Iress	City, State, Zip Code + 4		
President See Atta	ached				
Secretary		- W- W			
,					
(5) BOARD OF DIRECTORS (NAMES, BUSI	NESS ADDRESS INCLUDING ZIP CODE.) (A	ATTACH ADDITIONA	L SHEET IF NECESSARY.)		
Name	Business Address		City, State, Zip Code + 4		
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(City)	(State)	TN (Zip Code +4)_	(County)		
BENEFIT OR A MUTUAL BENEF IF BLANK OR INCORRECT, PLE PUBLIC	IT CORPORATION AS INDICATED: EASE CHECK APPROPRIATE BOX: PL	BLIC MUTUAL			
B. IF A TENNESSEE RELIGIOUS C	CORPORATION, PLEASE CHECK BOX IF BL	ANK LIR	ELIGIOUS		
(8) SIGNATURE	S ZA	9	(9) DATE June 26, 2006		
(10) TYPE/PRINT NAME OF SIGNER James K. Pruitt	19.00		(11) TITLE OF SIGNER Vice President for Finance		
	* * THIS REPORT MUST	BE DATED A	AND SIGNED * *		

INSTRUCTIONS ON BACK

SS-4444 (Rev. 11-05)

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EXECUTIVE COMMITTEE

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5849.2536

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Knoxville, TN 37901-2466 Mr. J. Laurens Tullock, President Cornerstone Foundation of Knoxville 625 Market Street, Suite 1200 Knoxville, TN 37902-2204

Ms. Danni B. Varlan 7833 Corteland Drive Knoxville, TN 37909

Annual Report Filing Fee Due \$20, if no changes are mad \$40, if any changes are mades	e: de in block #6 to the regist	ered agent/off stered agent/o	lice, or ffice.	Please return completed form to: TENNESSEE SECRETARY OF STATE Attn: Annual Report 312 Eighth Avenue N. 6th Floor William R. Snodgrass Tower Nashville, TN 37243
CURRENT FISCAL YEAR CLOSING MONTH:	: 06	e1	THIS REPORT IS	DUE ON OR BEFORE: 10/01/07
(1) SECRETARY OF STATE CONTROL	_ Number: 0072532			
(2A.) NAME AND MAILING ADDRESS	OF CORPORATION		×	(2B.) STATE OR COUNTRY OF INCORPORATION
		5		TENNESSEE
AZZOCIATI P.O. BOX KNOXVILLE		10	(20.) ADD ON OFFICE WATERO ADDRESS.	
D 01/26/19	946 NON-PRO	FIT		
	LUDING CITY, STATE, ZIP CODE:			E.
2018 CLINCH AVENUE,	, KNOXVILLE, TN 37916			
B. CHANGE OF PRINCIPAL AL	ADDRESS:			
STREET			CITY	STATE ZIP CODE + 4
		5		
(4) NAME AND BUSINESS ADDRESS, (ATTACH ADDITIONAL SHEET IF N		PRESIDENT, SECR	LETARY AND OTH	HER PRINCIPAL OFFICERS.
Title Name		Business Addres	sš	City, State, Zip Code + 4
President See Att	tached		i i	**************************************
Secretary	cachea		2	
				1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
(5) BOARD OF DIRECTORS (NAMES, E) SAME AS ABOVE, NONE, C		ZIP CODE.) (ATT	ACH ADDITIONA	
Name	Business Address	S	5	City, State, Zip Code + 4
See Attached		ile ilianistica de la composición dela composición de la composición dela composición de la composición dela composición dela composición de la composición dela composición de la composición de la composición dela composición dela composición dela composición dela composición dela		
JAMES PRUITT B. REGISTERED ADDRESS AS 2018 WEST CLINC, KNC C. INDICATE BELOW ANY CH. (i.) CHANGE OF REC	GENT AS APPEARS ON SECRETA S APPEARS ON SECRETARY OF S OXVILLE, TN 37916 HANGES TO THE REGISTERED AG GISTERED AGENT: GISTERED OFFICE (Street Address):	STATE RECORDS:		OFFICE.
			(Zip Code +4)	(County)
(7) A. THIS BOX APPLIES ONLY BENEFIT OR A MUTUAL BI IF BLANK OR INCORRECT, PUBLIC		S. OUR RECORDS CATED: BOX: PUBL	REFLECT THAT	YOUR NONPROFIT CORPORATION IS A PUBLIC
	JO COM CHANGE CHE	ON DON II BLAM	, UK	1
(8) SIGNATURE	(V)	11		(9) DATE
p	15 /	7		August 17, 2007
(10) TYPE/PRINT NAME OF SIGNER				(11) TITLE OF SIGNER
James K. Fruitt	* * THIS REPO	RT MUST B	BE DATED A	Vice President for Finance AND SIGNED * *

CORPORATION ANNUAL REPORT

EXECUTIVE COMMITTEE

Mr. Dennis B. Ragsdale, Chairman 1111 Northshore Drive, Suite S-700 Knoxville, TN 37919

Jeff Jennings, M.D., Vice Chairman 2018 Clinch Avenue, Suite 420 Koppel Plaza Knoxville, TN 37916

Mr. Michael C. Crabtree, Secretary/Treasurer Chairman & CEO, IdleAire Technologies 410 North Cedar Bluff Road, Suite 200 Knoxville, TN 37923

William F. Terry, M.D., Member-At-Large 2201 Clinch Avenue Knoxville, TN 37916

Ms. Danni B. Varlan, Member-At-Large 7833 Corteland Drive Knoxville, TN 37909

OTHER DIRECTORS OF THE BOARD

Mr. Bruce A. Anderson Anderson, Reeves & Herbert Tyson Place, Suite 130 2607 Kingston Pike Knoxville, TN 37919

Debbie J. Christiansen, M.D. 1504 Firewood Lane Knoxville, TN 37922-6065

Ms. Dawn Ford, President Consumer Awareness Management P.O. Box 30121 Knoxville, TN 37930

Mr. Keith D. Goodwin, President East Tennessee Children's Hospital 2018 Clinch Avenue Knoxville, TN 37916 Revised 7/07

Mr. Steven D. Harb 7307 Dunsford Lane Knoxville, TN 37919

Lewis W. Harris, M.D. 2100 Clinch Avenue, Suite 110 Knoxville, TN 37916

Ms. Dee Haslam, CEO/Executive Producer Rivr Media, LLC 342 Troy Circle Knoxville, TN 37919

Mr. A. David Martin, President Martin & Company 625 South Gay Street, Suite 200 Knoxville, TN 37902-1669

Mr. Dugan McLaughlin UBS First Tennessee Plaza 800 S. Gay Street Knoxville, TN 37929

Christopher A. Miller, M.D. 2100 Clinch Avenue, Suite 440 Knoxville, TN 37916

David A. Nickels, M.D. Chief of Staff 2100 Clinch Avenue, Suite 140 Knoxville, TN 37916

Mr. Stephen A. South, President South College 3904 Lonas Drive Knoxville, TN 37909

Mr. J. Laurens Tullock, President Cornerstone Foundation of Knoxville 625 Market Street, Suite 1200 Knoxville, TN 37902-2204

7/07

BOARD CHAIRMAN EMERITUS

Mr. James S. Bush, Chairman Johnson & Galyon, Inc. P.O. Box 3070 1130 Atlantic Avenue Knoxville, TN 37927

William G. Byrd, M.D. 4845 River Place Drive Knoxville, TN 37914

Mr. Donald H. Parnell 1214 Craig Road Knoxville, TN 37919

A former Board Chairman, who is no longer a member of the Board of Directors, may serve in the position of Board Chairman Emeritus, attend Board and committee meetings, if they wish, and participate in proceedings and debates, but without voting rights.

PRESIDENT/CEO EMERITUS

Mr. Robert F. Koppel 368 Long Cove Drive Hilton Head, SC 29928

A former President/CEO, who is no longer a member of the Board of Directors, may serve in the position of President/CEO Emeritus, attend Board and committee meetings, if they wish, and participate in proceedings and debates, but without voting rights.

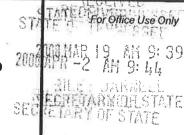


Bepartment of State

Corporate Filings 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, TN 37243

CHANGE OF REGISTERED AGENT/OFFICE (BY CORPORATION)

Pursuant to the provisions of Section 48-15-102 or 48-25-108 of the Tennessee Business Corporation Act or Section



48-55-102 or 48-65-108 of the Tennessee Nonprofit Corporation Act, the undersigned corporation hereby submits this application: 1. The name of the corporation is _____ East Tennesseee Children's Hospital Association, Inc. 2. The street address of its current registered office is 2018 Clinch Avenue, Knoxville, Knox County, Tennessee 37916 3. If the current registered office is to be changed, the street address of the new registered office, the zip code of such office, and the county in which the office is located is 2018 Clinch Avenue, Knoxville, Knox County, Tennessee 37916 James Pruitt 4. The name of the current registered agent is _ 5. If the current registered agent is to be changed, the name of the new registered agent is Rebecca Colker 6. After the change(s), the street addresses of the registered office and the business office of the registered agent will be identical. March 18, 2008 East Tennessee Children's Hosp. Assoc., Signature Date Inc

Name of Corporation

Bruce A. Anderson Name (typed or printed)

SS-4427 (Rev. 6/03)

Signer's Capacity

Attorney

Filing Fee \$20.00

Signature

RDA 1678

Annual Report Fil \$20, if no chan \$40, if any chai	ling Fee Due: ges are made in block nges are made in block	(#6 to the regis k #6 to the regi	stered agent istered agen	/office, or nt/office.		TENNESSEE S Attn: Annual 312 Eighth Av	venue N. 6th Floor odgrass Tower
CURRENT FISCAL YEAR	CLOSING MONTH: 06			THIS REPORT IS	S DUE C		01/08
(1) SECRETARY OF ST	FATE CONTROL Number:	0072532				М.	
(2A.) NAME AND MAIL	ING ADDRESS OF CORPOR	RATION			(2B.)	STATE OR COUNTRY O	F INCORPORATION
	AL			1		TENNESSEE	
AS	ST TENNESSEE CH Sociation, inc. O. Box-15010		SPITAL		(2C.)	add or Change Mail	ING ADDRESS:
KN	OXVILLE, TN 37	901-5010					60
non-	հետժես Սառա Ա.հ.հ.		v				STATE 2000 AU 2000 AU
	ADDRESS INCLUDING CIT CH AVENUE, KNOXVIL		2			,	RECE OF 15
B. CHANGE OI STREET	F PRINCIPAL ADDRESS:	9		CITY		STATE	ZIIP CODE + 4
(ATTACH ADDITION	ESS ADDRESS, INCLUDING NAL SHEET IF NECESSARY.	ZIP CODE, OF THE			HER PR	INCIPAL OFFICERS.	9 [7]
Title	Name		Business Add	dress 		City, State, Zip Code	+ 4
President	See Attache	d					
Secretary				1:			
		-					V
(5) BOARD OF DIRECT	ORS (NAMES, BUSINESS A	DDRESS INCLUDING	G ZIP CODE.) (/	ATTACH ADDITION	AL SHE	ET IF NECESSARY.)	
Name	VE, MONE, OK LISTED BI	Business Addres	is s			City, State, Zip Code	+ 4
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See Atta	ched		- (4)8(3)				
				- College			
REBECCA (B. REGISTERE 2018 CLINC C. INDICATE E	D ADDRESS AS APPEARS CH AVENUE, KNOXVIL BELOW ANY CHANGES TO 1	ON SECRETARY OF LE, TN 37916 THE REGISTERED AC	STATE RECORI	DS: ID/OR REGISTERED	OFFICE	; E.	1
	CHANGE OF REGISTERED AG			rson			
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(City	0		(State)	TN (Zlp Code +4)			(County)
BENEFIT OF IF BLANK O	APPLIES ONLY TO NONPRO R A MUTUAL BENEFIT COR PR INCORRECT, PLEASE CH BLIC	PORATION AS INDIC	CATED:			NONPROFIT CORPORA	TION IS A PUBLIC
B. IF A TENNE	SSEE RELIGIOUS CORPOR.	ATION, PLEASE CHE	CK BOX IF BLA	ANK DR	ELIGIC	iųs	
(8) SIGNATURE	Ad					(9) DATE	9
(10) TYPE/PRINT NAMI	E OF BIONES					July 22, 2	.000
•	Anderson			22	1	(11) TITLE OF SIGNER Vice Presi	dent for Legal
	*	* THIS REPO	ORT MUST	BE DATED	AND	SIGNED * * Se	rvices & General

CORPORATION ANNUAL REPORT

SS-4444 (Rev. 11-05)

6363.2309



Department of State

Corporate Filings 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, TN 37243

ARTICLES OF CORRECTION

Pursuant to the provisions of Section 48-11-305 of the Tennessee Nonprofit Corporation Act, the undersign	The Tennessee Business Corporation Act or Section 48-51-305 of gned corporation hereby submits this application:	6448
1. The name of the corporation is East Ten	nessee Children's Hospital Association, Inc.	· -
		.080
2. Please mark the sentence below which appli	ies.	1 ~
A copy of the incorrect document (as filed) is	s attached.	
A description of the incorrect document (inclu	ding its filing date) is given here:	
(The state of the s	
1		
it/they is/are incorrect:	ct statement(s), enter the incorrect statement(s) and the reason(s)	
deleted from the State's compute	hospital's name. Therefore, needs to be	
4. The correct statement(s) is/are:		1
		2 1 1
	the state of the s	
5. If the document is incorrect because of a defective	e execution, state the manner in which the execution was defective:	1
	Aller Aller	
	- William	
6. The correct execution should be:	AND	1
2/11/09	East Tennessee Children's Hospital Associat	on, Inc.
Signature Date	Name of Corporation	1
Vice President for Legal Services and General Counsel Signer's Capacity	Signature	
Supusing	Bruce A. Anderson	- 12
SS-4438 (Rev. 3/99)	Name (typed or printed) RDA 1678	1

Annual Report Filing Fe \$20, if no changes an \$40, if any changes a	e Due: e made in block #6 to the reg re made in block #6 to the re	istered agent/ gistered/agent	office, or t/office.		TENNESSEE : Attn: Annual 312 Rosa L. I	Parks Avenue, nodgrass Towe	F STATE 6th Floor
CURRENT FISCAL YEAR CLOSING	молтн: 06	1 59	THIS REPORT I	DUE ON OR	BEFORE:	/01/09	
(1) SECRETARY OF STATE CO	NTROL Number: 0072532						
(2A.) NAME-AND MAILING AD	DRESS OF CORPORATION		8 a D.	ASS.	E OR COUNTRY O	OF INCORPORATIO	N
ASSOCIA	ENNESSEE CHILDREN'S H ATION, INC. DX 15010	OSPITAL	3. 100 m	(2C.) ADD OR CHANGE MAILING ADDRESS:		11	
	.LE, TN: 37901-5010 .l.:	Manalla	ii e				
	S INCLUDING CITY, STATE, ZIP COL NUE, KNOXVILLE, TN 37916 PAL ADDRESS:		CITY		STATE	ZIP CODI	= + 4
(4) NAME AND BUSINESS ADD (ATTACH ADDITIONAL SHE	RESS, INCLUDING ZIP CODE, OF TH	E PRESIDENT, SE	CRETARY AND OT	HER PRINCIP	'AL OFFICERS.		*
Title Nar		Business Add	ress	City	, State, Zip Code	+ 4	
President Se	e Attached						~
Secretary							
11						11 17	
5) BOARD OF DIRECTORS (NA	MES, BUSINESS ADDRESS INCLUDIN None, or listed below:	ng Zip Code.) (A	TTACH ADDITION	AL SHEET IF	NECESSARY.)		
Name	Business Addre	ess	77-110-11	City	; State, Zlp Code		· ·
See Attached		1				SEC	3 (2)
PROFILE OF THE PARTY OF THE PAR							
				-			23
BRUCE A. ANDER B. REGISTERED ADDRI 2018 CLINCH AVE	RED AGENT AS APPEARS ON SECRET ISON ESS AS APPEARS ON SECRETARY O INUE, KNOXVILLE, TN 37916 NY CHANGES TO THE REGISTERED A	F STATE RECORD	S:	OFFICE.	= 0	-5 PM I:	TENNES
(i.) CHANGE	OF REGISTERED AGENT:					TH 55	SF.
(ii.) CHANGE	OF REGISTERED OFFICE (Street Address	s):					
(City)		(State) T	N (Zip Code +4)			(County)	
BENEFIT OR A MUT IF BLANK OR INCOF PUBLIC	ONLY TO NONPROFIT CORPORATION UAL BENEFIT CORPORATION AS IND RRECT, PLEASE CHECK APPROPRIAT LIGIOUS CORPORATION, PLEASE CH	PUE	BLIC MUTUA		ROFIT CORPORAT	TION IS A PUBLIC	
8) SIGNATURE		· · · · · · · · · · · · · · · · · · ·		(9) DA	ATF		
R_ M	d-				18/09		
10) TYPE/PRINT NAME OF SIG	NER			(11) TI	ITLE OF SIGNER		
Bruce A. Anders			2 (1	VP :	for Legal	Services &	Service Set 1
	* * THIS REP	ORT MUST	BE DATED	AND SIG	NED * *		Counsel

CORPORATION ANNUAL REPORT

SS-4444 (Rev. 01-09)

INSTRUCTIONS: www.state.tn.us/sos/ or 615-741-2286

RDA 1678

EXECUTIVE COMMITTEE

Mr. Dennis B. Ragsdale, Chairman 1111 Northshore Drive, Suite S-700 Knoxville, TN 37919

Jeff Jennings, M.D., Vice Chairman 2018 Clinch Avenue, Suite 420 Koppel Plaza Knoxville, TN 37916

Mr. Michael C. Crabtree, Secretary/Treasurer Crabtree Ventures LLC 12347 Vista Brook Lane Knoxville, TN 37934

Mr. Steven D. Harb, Member-At-Large 7307 Dunsford Lane Knoxville, TN 37919

Ms. Danni B. Varlan, Member-At-Large 7833 Corteland Drive Knoxville, TN 37909

OTHER DIRECTORS OF THE BOARD

John Q. Buchheit, M.D. Chief of Staff 2021 Scott Lane Knoxville, TN 37922

Debbie J. Christiansen, M.D. 1504 Firewood Lane Knoxville, TN 37922-6065

Ms. Dawn Ford, President Consumer Awareness Management P.O. Box 30121 Knoxville, TN 37930

Mr. Keith D. Goodwin, President East Tennessee Children's Hospital 2018 Clinch Avenue Knoxville, TN 37916 Revised 7/09

STATE TEMPESSEE

2009 OCT -5 PM 1:59

SECRETARY NESTATE

Lewis W. Harris, M.D. 2100 Clinch Avenue, Suite 110 Knoxville, TN 37916

Ms. Dee Haslam, CEO/Executive Producer Rivr Media, LLC 342 Troy Circle Knoxville, TN 37919

Mr. A. David Martin, President Martin & Company 625 South Gay Street, Suite 200 Knoxville, TN 37902-1669

Mr. Dugan McLaughlin Merrill Lynch First Tennessee Plaza 800 S. Gay Street, Suite 2200 Knoxville, TN 37929

Christopher A. Miller, M.D. 2100 Clinch Avenue, Suite 210 Knoxville, TN 37916

Mr. Stephen A. South, President South College 3904 Lonas Drive Knoxville, TN 37909

William F. Terry, M.D., Member-At-Large 2201 Clinch Avenue Knoxville, TN 37916

Mr. J. Laurens Tullock, President Cornerstone Foundation of Knoxville 625 Market Street, Suite 1200 Knoxville, TN 37902-2204

BOARD CHAIRMAN EMERITUS

Mr. James S. Bush, Chairman Johnson & Galyon, Inc. P.O. Box 3070 1130 Atlantic Avenue Knoxville, TN 37927 SECRETARY OF STATE

7/09

William G. Byrd, M.D. 4845 River Place Drive Knoxville, TN 37914

Mr. Donald H. Parnell (Realty Trust Group) 1214 Craig Road Knoxville, TN 37919

A former Board Chairman, who is no longer a member of the Board of Directors, may serve in the position of Board Chairman Emeritus, attend Board and committee meetings, if they wish, and participate in proceedings and debates, but without voting rights.

VICE CHIEF OF THE MEDICAL STAFF

7/09

Lise M. Christensen, M.D. Vice Chief of Staff 2018 Clinch Avenue Knoxville, TN 37916

The Vice Chief of Staff, while not a member of the Board of Directors, attends Board and committee meetings as an observer to develop a knowledge base to assist that person upon assuming the position of Chief of Staff. The Vice Chief may participate in proceedings and debates, but without voting rights.

STATE TENESSEE

2009 OCT -5 PM 1:59

SECRETARY NESTI



AR Filing #: 02380260

Status: Unsubmitted

File online at: http://TNBear.TN.gov/AR

Due on/Before:10/01/2010

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or \$40 if any changes are made in block 3 to the registered agent/office

Please return completed form to:

Tennessee Secretary of State

Attn: Annual Reports 312 Rosa L. Parks Avenue

6th Floor, William R. Snodgrass Tower

Nashville, TN 37243 Phone: (615) 741-2286

SOS Control Num Corporation Non-P		Date Form	ed: 01/26/1946	Formation Lo	ocale: Knox County
(1) Name and Mai EAST TENNESSE ASSOCIATION, IN P.O. BOX 15010 KNOXVILLE, TN 3	E CHILDREN'S HO IC.	SPITAL	2018 CLINC	Office Address: H AVENUE , TN 37916-0000	
BRUCE A ANDER 2018 CLINCH AVE KNOXVILLE, TN 3	SON E :79160000 USA) Address: Agent C		0: 02 51/11
Title	Name		Business Address		City, State, Zip
President	Dennis B. Rags	sdale	1111 Northshore Drive	Suite S-700	Knoxville, TN 37919
Secretary	Michael C. Cra	btree			Knoxville, TN 37934
(5) Board of Director	rs names and busines	s address (with zin o	code), (None)	71 294	
Name		Business Addre		City, St	tate, Zip
Dennis B. Ragsdale		1111 Northshore I			e, TN 37919
Michael C. Crabtree		12347 Vista Brook			э, TN 37934
A. Our records If blank or in	ncorrect, please che	n-profit corporation ck appropriately:		eligióus	corporation as indicated.
(9) Type/Print Name:	Bruce A. Ander	rson	(10) 7	itle: Vice Pro	sident for Legal Servi

Instructions: Legibly complete the form above. Enclose a check made payable to the Tennessee Secretary of State In the amount of \$20.00. Sign and $date\ this\ form\ and\ return\ to\ the\ address\ provided\ above.\ Additional\ Instructions\ at\ http://tn.gov/sos/bus_srv/annual_reports.htm$



File online at: http://TNBear.TN.gov/AR

Due on/Before: 10/01/2011

Reporting Year: 2011

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or \$40 if any changes are made in block 3 to the registered agent/office

AR Filing #: 02703763 Status: Unsubmitted

Please return completed form to:

Tennessee Secretary of State

Attn: Annual Reports

William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL

Nashville, TN 37243-1102

Phone: (615) 741-2286

		7.				
SOS Control Nu Corporation Non	mber: 72532 -Profit - Domestic	Date Form	ed: 01/26/1946	Formation Lo	ocale: Knox County	
(1) Name and M EAST TENNESS INC. P.O. BOX 15010 KNOXVILLE, TN	SEE CHILDREN'S HO	OSPITAL ASSOCIA	(2) Principal O TION, 2018 CLINCH A KNOXVILLE, T	ffice Address	TOTAL AUG-3	
BRUCE A ANDE 2018 CLINCH A' KNOXVILLE, TN	RSON /E 37916		Address: Agent Cha		M 9: 09	
			t, Secretary and other prin	cipal officers.		
Title	Name		Business Address		City, State, Zip	
President	Dennis B. Rag				Knoxville, TN 37919	
Secretary	Michael C. Cra	abtree	12347 Vista Brook Lane		Knoxville, TN 37934	
(5) Board of Direct	ors names and busine	ss address (with zip co	ode). (None)			
Name		Business Addre		City, St	tate, Zip	
Dennis B. Ragsdal	е	1111 Northshore D	rive, Suite S-700		e, TN 37919	
Michael C. Crabtre	е	12347 Vista Brook	Lane		e, TN 37934	
			*** * * * * * * * * * * * * * * * * *			
A. Our record If blank or	incorrect, please che	n-profit corporation eck appropriately: _	is a public benefit or a r X PublicMutual here if blank:Relig		corporation as indicated.	
(9) Type/Print Name:	Bruce A. Ande	erson	(10) Title:	VP for Les	gal Services	

Instructions: Legibly complete the form above. Enclose a check made payable to the Tennessee Secretary of State in the amount of \$20.00. Sign and date this form and return to the address provided above. Additional instructions at http://tn.gov/sos/bus_srv/annual_reports.htm



File online at: http://TNBear.TN.gov/AR

Due on/Before: 10/01/2012

Reporting Year: 2012

Annual Report Filing Fee Due:

\$20 if no changes are made in block 3 to the registered agent/office, or \$40 if any changes are made in block 3 to the registered agent/office

Please return completed form to:

AR Filing #: 03156337 Status: Unsubmitted

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Tennessee Secretary of State Attn: Annual Reports

William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL

Nashville, TN 37243-1102 Phone: (615) 741-2286

SOS Control Number: 72532 Corporation Non-Profit - Domestic	Date Formed: 01/26/1946	Formation Locale: TENNESSEE
(1) Name and Mailing Address:	(2) Principa	l Office Address:
EAST TENNESSEE CHILDREN'S		
PO BOX 15010	KNOXVILI	LE, TN 37916-2301
KNOXVILLE, TN 37901-5010		,

(3) Registered Agent (RA) and Registered Office (RO) Address: Agent Changed: No

BRUCE A ANDERSON 2018 W CLINCH AVE KNOXVILLE, TN 37916-2301

(4) Name and business address (with zip code) of the President, Secretary and other principal officers.

Name	Business Address	City, State, Zip
Dennis B. Ragsdale	1111 Northshore Drive, Suite S-700	Knoxville, TN 37919
Michael C. Crabtree	12347 Vista Brook Lane	Knoxville, TN 37934
	120 T. VISIGI BIOOK EQITO	Mioville, 114 3793
	Dennis B. Ragsdale	Dennis B. Ragsdale 1111 Northshore Drive, Suite S-700

(5) Board of Directors names and business address (with zip code). (None)

Name	Business Address	City, State, Zip	
Dennis B. Ragsdale	1111 Northshore Drive, Suite S-700	Knoxville, TN 37919	
Michael C. Crabtree	12347 Vista Brook Lane	Knoxville, TN 37934	
HAT 1 - 11 - 21 - 11 - 12 - 12 - 12 - 12 -			

(6) This section applies to non-profit corporations ONLY.

- A. Our records reflect that your non-profit corporation is a public benefit or a mutual benefit corporation as indicated. If blank or incorrect, please check appropriately: X Public Mutual
- B. If a Tennessee religious corporation, please check here if blank: ____Religious

(7) Signature:	(8) Date: 9/11/12
(9) Type/Print Name: Bruce A. Anderson	(10) Title: VP for Legal Services

Instructions: Legibly complete the form above. Enclose a check made payable to the Tennessee Secretary of State in the amount of \$20.00. Sign and date this form and return to the address provided above. Additional instructions at http://tn.gov/sos/bus_srv/annual_reports.htm

Tennes W 0 W 600 Ø 0 H W Hargett, 09/14/2012,



File online at: http://TNBear.TN.gov/AR

\$20 if no changes are made in block 3 to the registered agent/office, or

\$40 if any changes are made in block 3 to the registered agent/office

Due on/Before: 10/01/2013

Reporting Year: 2013

SUBMISSION PENDING Return completed form within 30 days to:

AR Filing #: 03773983

Tennessee Secretary of State

Attn: Annual Reports William R. Snodgrass Tower 312 Rosa L. Parks AVE, 6th FL Nashville, TN 37243-1102

SOS Cani	trol Numbe	r. 72532

Annual Report Filing Fee Due:

Corporation Non-Profit - Domestic

Date Formed: 01/26/1946

Formation Locale: TENNESSEE

(1) Name and Mailing Address:

(2) Principal Office Address:

EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION.

2018 W CLINCH AVE

PO BOX 15010

KNOXVILLE, TN 37916-2301

KNOXVILLE, TN 37901-5010

(3) Registered Agent (RA) and Registered Office (RO) Address:

Agent Changed: No

Agent County: KNOX COUNTY

BRUCE A ANDERSON

2018 W CLINCH AVE

KNOXVILLE, TN 37916-2301

(4) Name and business address (with zip code) of the President, Secretary and other principal officers

Dennis B. Ragsdale	President
Michael C. Crabtree	Secretary
	Michael C. Crabtree

(5) Board of Directors names and business address (with zip code). ____ None, or listed below.

Name	Business Address	City, State, Zip
Dennis B. Ragsdale	1111 Northshore Drive, Suite S-700	Knoxville, TN 37919
Michael C. Crabtree	12347 Vista Brook Lane	Knoxville, TN 37934
	302524	

- (6) This section applies to non-profit corporations ONLY.
 - A. Our records reflect that your non-profit corporation is a public benefit or a mutual benefit corporation as indicated. If blank or incorrect, please check appropriately: X Public Mutual
 - B. If a Tennessee religious corporation, please check here if blank: ____Religious

(7) Signature:	(8) Date: 9/20/13
(9) Type/Print Name: Bruce A. Anderson	(10) Title: VP for Legal Services

Instructions: Legibly complete the form above. Enclose a check made payable to the Tennessee Secretary of State in the amount of \$20.00. Sign and date this form and return to the address provided above.

D.L.T.

Harge

Attachment A-6 Title/Deed

This instrument prepared by: William F. Searle, III, Attorney 800 Burwell Building Knoxville, TN 37902

OUITCLAIM DEED

THIS INDENTURE, made this 28th day of October, 1992, between:

THE HEALTH, EDUCATIONAL AND HOUSING FACILITIES BOARD OF THE COUNTY OF KNOX (formerly HEALTH AND EDUCATION FACILITIES BOARD OF THE COUNTY OF KNOX) a public nonprofit corporation organized under the laws of the State of Tennessee.

First Party, and

EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC., a nonprofit corporation organized under the laws of the State of Tennessee.

"Second Party,

WITNESSETH: that said First Party, for and in consideration of the sum of TEN DOLLARS (\$10.00) cash and other good and valuable considerations to in hand paid by Second Party, the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed and does hereby grant, bargain, sell, QUITCLAIM and convey unto the said Second Party the following described premises:

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.

BEING all of and the same property conveyed to Health and Educational Facilities Board of the County of Knox by deeds from East Tennessee Children's Hospital Association, Inc., of record in Deed Book 1547, page 13, and Deed Book 1716, page 145, in the Register's Office for Knox County, Tennessee.

THIS CONVEYANCE is made subject to applicable easements, restrictions and building set back lines of record.

TOGETHER with all the estate, right, title and interest of the First Party therein, with the hereditaments and appurtenances thereto appertaining releasing all claims therein.

In this instrument in every case the plural shall include the singular and vice-versa and each gender the others.

COUNTERSIGNED

DEC 2 1992
PARK M. (Parkey) STRADER
KNOX COUNTY
PROPERTY ASSESSOR

Instr:199212020044629 Pages:1 of 3 Cross Ref:WB 2090/747 Back File Automation IN WITNESS WHEREOF, this instrument has been executed on the day and year first above written.

IN WITNESS WHEREOF, this instrument has been executed on behalf of First Party by its duly authorized officer on the day and year first above written.

> THE HEALTH, EDUCATIONAL AND HOUSING FACILITIES BOARD OF THE COUNTY OF KNOX

STATE OF TENNESSEE COUNTY OF KNOX

Personally appeared before me the undersigned authority, Personally appeared before me the undersigned authority, a Notary Public in and for said county and in said state, n.c., with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the Chairman of The Health, Educational and Housing Facilities Board of the County of Knox, the within named bargainor, a corporation, and that he as such Chairman, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Chairman.

Witness my hand and official seal at office, October, 1992. My Com. exp:

Name and address of property owner:

East Tennessee Children's Hospital Association, Inc.

2016 Clinch Avenue

Knoxville, Tennessee 37916

who is responsible for payment of taxes. EXEMPT

CLT CODE: 108CB-020 and 108CB-021 (EXEMPT).

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater, is \$100.00

Subscribed and sworn to before me, this 28th day of October,

Cinc Affiant

Notary

Back File Automation

INST: 13806 NB 2090 PG: 748 12/02/1992 15:34:43

HOSPITAL PARCEL

SITUATED in the 4th Civil District of Knox County, Tennessee, and within the 10th Ward of the City of Knoxville, and being more particularly described as follows:

BBGINNING at a point in the South line of Clinch Avenue, 25 feet from the center line thereof, and distant North 68 deg. 45 min. East, 24.93 feet from an iron pin at the intersection of the South line of Clinch Avenue extended with the East line of 21st Street extended; running thence with the South line of Clinch Avenue, North 68 deg. 45 min. East, 251.03 feet to a point which is South 68 deg. 45 min. West, 15.04 feet from a cross mark in the concrete at the point of intersection of the South line of Clinch Avenue extended with the West line of 20th Street extended; thence on a curve to the right having a radius of 15 feet, for an arc distance of 23.6 feet to a point in the West line of 20th Street, South 21 deg. 6 min. East, 34.96 feet to a point, corner to the property of John and Elizabeth Dupree; thence with the line of the Dupree property, South 68 deg. 45 min. West, 100 feet; and South 21 deg. 6 min. East, 50 feet to a point, the northwestern corner of a 14 foot alley running southwesterly from 20th Street; thence across the West end of said alley, South 21 deg. 6 min. East, 14 feet to a point; thence with the South line of said alley, North 68 deg. 45 min. East, 100 feet to a point in the West line of 20th Street; thence with the West line of 20th Street, South 21 deg. 6 min. East, 125.07 feet to a point which is distant North 21 deg. 6 min. West, 24.93 feet from a cross mark on the sidewalk at the point of intersection of the West line of 20th Street extended with the North line of White Avenue extended; thence on a curve to the right having a radius of 25 feet, for an arc distance of 39.2 feet to a point in the North line of White Avenue with the East line of 21st Street extended; thence with a curve to the right having a radius of 25 feet, for an arc distance of 39.34 feet to a point in the East line of 21st Street, 25 feet from the center line thereof; thence North 21 deg. 6 min. West, 24 feet to the point of beginning, containing 1.6064 acres as surveyed by Urban Engineering, Inc., on April 14, 198

And BEING all of and the same property conveyed to Health and Educational Facilities Board of the County of Knox by deeds from East Tennessee Children's Hospital Association, Inc., of record in Deed Book 1547, page 13, and Deed Book 1716, page 145, in the Register's Office for Knox County, Tennessee.

LEGAL DESCRIPTION ATTACHED TO AND MADE A PART OF QUIT CLAIM DEED FROM THE HEALTH, EDUCATIONAL AND HOUSING FACILITIES BOARD OF THE COUNTY OF KNOX TO EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC.

Instr: 198212020044828 Pages: 3 of 3

Back File Automation

INST: 13806 WB 2090 PG: 749 12/02/1992 15:34:43

This Instrument Prepared By: Gregory E. Erickson McCampbell & Young P.O. Box 550 Knoxville, Tennessee 37901

Source of Grantor's interest in real property herein described: Warranty Deed of record in Warranty Deed Book 888, Page 9, in the Office of the Register of Deeds for Knox County, Tennessee.

PARCEL IDENTIFICATION NUMBER ASSIGNED BY KNOX COUNTY PROPERTY ASSESSOR: 10-108CC-017

WARRANTY DEED

THIS INDENTURE, made this 18th day of August, 1993, between

KATE H. WEBB,



nstr:199308190043543 ages:1 of 4 ross Ref:WB 2115/203 of Knox County, Tennessee, ("Webb"), and

EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC., a not-for-profit Tennessee Corporation,

organized and existing under the laws of the State of Tennessee with its principal place of business in Knox County, Tennessee, ("Children's Hospital").

WITNESSETH: that Webb, for and in consideration of the sum of One and no/100s Dollars (\$1.00), and other good and valuable consideration to her in hand paid by Children's Hospital, the receipt of which is hereby acknowledged, has granted, bargained, sold and conveyed, and does hereby grant, bargain, sell and convey unto Children's Hospital, the following described premises, to wit:

All of her right, title and interest in that tract or parcel of land lying and being situate in the 12th Civil District of Knox County, and in the 10th Ward of the City of Knoxville, Tennessee, and being a certain lot with improvements thereon, fronting 55 feet on the Southern side of White Avenue and extending back in a southerly direction between parallel lines and along the Eastern line of 21st (formerly 13th) Street, 110 feet, and being more particularly described as follows;

Beginning at the Southeast corner of White Avenue and 21st (formerly 13th) Street, said point of beginning being the point of

MCCAMPBELL & YOUNG H-hypmers/y/1417002/Warranty.ded 8/18/93 11:37 am

Page 1

1.11

intersection of the Southern line of White Avenue with the Eastern line of 21st Street; running thence Eastwardly with the Southern line of White Avenue 55 feet to a stake; thence Southwardly on a line parallel with the Eastern line of 21st Street, 110 feet to Hudson's (formerly Brown's) line; thence in a Westerly direction with Hudson's line and on a line parallel with the Southern line of White Avenue 55 feet to a stake in the Eastern line of 21st Street; thence in a Northerly direction with the Eastern line of 21st Street 110 feet to the Southern line of White Avenue, the point of Beginning.

BEING the same property conveyed to T. S. WEBB, III, deceased, and wife, KATE H. WEBB by deed dated April 15, 1952, and recorded in Warranty Deed Book 888, Page 9 in the Register's Office for Knox County, Tennessee.

THE PREPARER OF THIS DEED MAKES NO REPRESENTATION AS TO THE STATUS OF TITLE TO THE PROPERTY DESCRIBED HEREINABOVE. THIS DEED HAS BEEN PREPARED SOLELY FROM INFORMATION FURNISHED TO THE PREPARER WHO MAKES NO REPRESENTATION WHATSOEVER OTHER THAN IT HAS BEEN ACCURATELY TRANSCRIBED FROM THE INFORMATION PROVIDED.

with the hereditaments and appurtenances thereto appertaining, hereby releasing all claims to homestead and dower therein. TO HAVE AND TO HOLD THE said premises to Children's Hospital, its heirs and assigns forever.

And Webb, for herself and for her heirs, executors and administrators does hereby covenant with Children's Hospital, its heirs, and assigns, that she is lawfully seized in fee simple of the premises above conveyed and has full power, authority and right to convey the same, and that said premises are free from all encumbrances except taxes for the year 1993, which shall be assumed and paid by Children's Hospital, and that she will forever warrant and defend the said premises and the title thereto against the lawful claims of all persons whomsoever.

Whenever in this instrument a pronoun is used, it shall be construed to represent either singular or plural, as the case may demand.

IN WITNESS WHEREOF, Webb sets her hand and seal the day and year first above written,

KATE H. WEBB

McCAMPBILL & Young Hawpurerty\1417002\Warranty.ded 6/4/93 10:00 am

Page 2

INST: 12188 WB 2115 PG: 204 08/18/1993 15:20:10



Back File Automation

STATE OF TENNESSEE
COUNTY OF KNOX

Personally appeared before me, Gregory E. Erickson, notary public of this county, KATE H. WEBB, the within named bargainor, with whom I am personally acquainted, and who acknowledged that she executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 14

× 1993.

Notary Public

My Commission Expires:

14-18-95

The Name and Address of a Property Owner

Owner:

East Tennessee Children's Hospital

2018 Clinch Avenue P. O. Box 15010 Knoxville, TN 37901

Person or Entity Responsible for Payment of Taxes:

East Tennessee Children's Hospital 2018 Clinch Avenue P. O. Box 15010 Knoxville, TN 37901

Tax Assessor Identification No.

Instr:199308190043543

Back File Automation

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McCAMPRELL & Young H:\wpusers\y\1417002\Warranty.ded &/18/93 11:37 am

Page 3

IMST: 12188 WB 2115 PG: 205 08/18/1993 15:20:10

I hereby swear or affirm that the actual consideration of whichever is greater, is \$_100_000.67 Affiant:	true value of this transfer,
Subscribed and swom to before me this 18Th day of h	Suit , 1993.
College Explication	SON MANAGEMENT
Notary Public	/3/X "3X.N
My Commission Expires: 13-18-95	(3/ 5:57)
	1000 200
4	

Instr; 199308180043543

MCCAMPBEL & YOUNG HAMPISMINY/1417002/Wattenly.ded 6/4/93 10:00 am Back File Automation

Puji 4

This instrument prepared by: William F. Searle, III, Attorney Suite 800, 602 S. Gay Street Knoxville, Tennessee 37902

INSTRUMENT NO. 013309

WARRANTY DEED

THIS INDENTURE, made this 31 Tday of DECEMBER between

MARY GILL, single, acting by and through her duly appointed attorney-in-fact, Martin C. Hunt, Jr.,

First Party, and

EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC., a not-for-profit Tennessee corporation;

*1200

Second Party,

\$1.15500

WITNESSETH: that said First Party, for and in consideration of the sum of TEN DOLLARS (\$10.00) cash and other good and valuable considerations to her in hand paid by Second Party, the receipt 16860 to and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed and does hereby grant bargain, sell and convey unto the said Second Party the following described premises:

SITUATED in District 4 of Knox County, Tennessee, in Ward 10 of the City of Knoxville, Tennessee, and being three adjoining tracts of land which are more particularly described separately as follows:

TRACT 1:

BEGINNING at a point in the southern line of White Avenue, distant in an easterly direction, 115 feet from the point of intersection of the southern line of White Avenue with the eastern line of 21st Street (formerly 13th Street); and running thence in an easterly direction with the southern line of White Avenue, 76 feet to a point at the northwest corner of property of Charles M. Rogers; thence in a southerly direction along the line of said Rogers' property and on a line parallel with the eastern line of 21st Street, 55 feet to a point in the line of F. W. Pickle property; thence in a westerly direction with said Pickle line, and on a line parallel with the southern line of White Avenue, 25 feet to a point; thence in a southerly direction, on a line parallel with the eastern line of 21st Street, 55 feet to a point in the northern line of J. G. Brown's property; thence in a westerly direction with the northern line of said J. G. Brown's property, and on a line parallel with the southern line of White Avenue, 51 feet to a point; thence in a northerly direction, on a line parallel with the southern line of White Avenue, 51 feet to a point; thence in a northerly direction, on a line parallel with the southern line of White property, and on a line parallel with the southern line of White Avenue, 51 feet to a point; thence in a northerly direction, on a line parallel with the eastern line of 21st Steet, 110 feet to the southern line of White Avenue, at the point of BEGINNING, as shown by survey of Lack and Blakely, Engineers, Knoxville, Tennessee, dated 22 July 1935; said premises being improved with dwelling bearing City Number 2012 White Avenue.

For reference to title see Deed Book 1245, page 298, in the Register's Office for Knox County, Tennessee.

For reference see CLT: 108CC-019.

TRACT 2:

BEGINNING on the south side of White Avenue at the point of intersection with the west line of 20th Street, and running thence westwardly with the south side of White Avenue 100 feet to state; thence southwardly and results with the south side of white Avenue 100 feet to a stake; thence southwardly and parallel with 20th Street 55 feet to a stake; thence eastwardly on a line parallel with White Avenue 100 feet to the west line of 20th Street; thence northwardly with said west line of 20th Street to the point of BEGINNING.

For reference to title see Deed Book 667, page 85, in the Register's Office for Knox County, Tennessee.

For reference see CLT: 108CC-020.

BOOK 2028 PAGE 0686



TRACT 3:

LYING on the west side of 20th Street (formerly 12th Street) beginning at a stake on the west side of said 20th Street at a point 55 feet southwardly from the southwest corner of White Avenue and 20th Street; thence westwardly on a line parallel with said White Avenue 125 feet to a stake; thence southwardly on a line parallel to said 20th Street, 55 feet to a stake; thence eastwardly and parallel with White Avenue 125 feet to the west line of 20th Street; thence northwardly with the west line of 20th Street, 55 feet to the point of BEGINNING.

For reference to title see Deed Book 580, page 125, in the Register's Office for Knox County, Tennessee.

For reference see CLT: 108CC-021.

ABOVE DESCRIPTIONS ARE THE SAME AS PREVIOUS DEEDS OF RECORD, NO BOUNDARY SURVEY HAVING BEEN MADE AT THE TIME OF THIS CONVEYANCE.

THIS CONVEYANCE is made and accepted subject to applicable easements, conditions, and restrictions.

TOGETHER with the hereditaments and appurtenances thereto appertaining releasing all claims therein.

TO HAVE AND TO HOLD the said premises to the said Second Party in fee simple forever.

AND said First Party for herself, and for her heirs, successors in interest and assigns does hereby covenant with the said Second Party, its successors in interest and assigns, that she is lawfully seized in fee simple of the premises above conveyed and has full power, authority and right to convey the same and that said premises are free from all encumbrances except current years property taxes, which shall be prorated between the parties as of the date of closing and which Second Party assumes and agrees to pay, and that she will forever warrant and defend the said premi-ses and the title thereto against the lawful claims of all persons whomsoever.

In this instrument in every case the plural shall include the singular and vice-versa and each gender the others.

IN WITNESS WHEREOF, this instrument has been executed on the day and year first above written.

MARYGILL

Martin C. Hunt, Jr., attorney-in-fact of Mary Gill pursuant to Power of Attorney of record in Power of Attorney Book 24 , page 1062

ack File Automation

BOOK 2028 PAGE 0687

STATE OF TENNESSEE)
COUNTY OF KNOX)

On this 31ST day of NCCMBSR, 19 90, before me personally appeared Martin C. Hunt, Jr., to me known (or proved to me on the basis of satisfactory evidence) to be the person who executed the foregoing instrument in behalf of Mary Gill, and acknowledged that he executed the same as the free act and deed of said Mary Gill.

witness my hand and official seal at office, year first above written. Λ

JUNE 20, 1994 Commission expiration date

PUBLIC

Name and address of property owner:

East Tennessee Children's Hospital Association, Inc. P. O. Box 15010 Knoxville, TN 37901

who is responsible for payment of taxes.

I hereby swear or affirm that the actual consideration or true value of this transfer, whichever is greater, is \$350,000.00.

Subscribed and sworn to before me, this day of December.

My Com. exp:

[25]

BOOK 2028 PAGE 0688

ack File Automation

William F. Searle, III 708 S. Gay Street, Third Floor Knoxville, TN 37902

WARRANTY DEED

THIS INDENTURE, made this 18th day of	January
petween 103, no D311	
J. F. PIERCE and wife, EDYTHE J. PIERCE	

, A. D., 1988

015684 INSTRUMENT NO._

of Knox County,

Tennessee, First Parties, and

BECCA, INC., a Tennessee corporation

of Knox County,

Tennessee, Second Parties,

WITNESSETH: that said First Parties, for and in consideration of the sum of

ONE AND NO/100ths----

and other good and valuable consideration to us in hand paid by Second Parties, the receipt of which is hereby acknowledged.

4 6.0 0 · 28000 A 8 0 09 4 • 0.50

*28650 b

have granted, bargained, sold and conveyed, and do hereby grant, bargain, sell and conver 6.50 ; unto the said Second Parties the following described premises, to wit:

SITUATED in District No. Four (formerly Twelve) of Knox County, Tennensee, and * 000 8 within the 10th Ward of the City of Knoxville, Tennessee, and being more fully described as follows: 0.1 - 27 - 88

BEGINNING at a point in the south line of White Avenue, distant 55 feet of easterly from the southeast corner of White Avenue and 21st (formerly 13th) Street; the said beginning point being the northeast corner of property now or formerly owned by Greer; thence with the South line of White Avenue in an easterly direction, 60 feet to the northwest corner of property now or formerly owned by Shelton; thence with the west line of said property in a southerly direction 110 feet to a point; thence in a westerly direction parallel with the south line of White Avenue, 60 feet to the southeast corner of the Greer Property; thence with the line of said property in a northerly direction, 110 feet to the place of BEGINNING.

BEING property conveyed to J. F. Pierce and wife, Edythe J. Pierce by Warranty Deed dated March 17, 1959, from Kennedy R. Maxwell and wife, Gayle W. Maxwell, of record in Deed Book 1104, page 367, in the Register's Office for Knox County, Tennessee.

This conveyance is made and accepted subject to applicable easements, conditions, and restrictions.

The preparer makes no representation as to title to property described herein.

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	BOOK 1937 PAGE 0315	62	

with the hereditaments and appurtenances thereto appertaining, hereby releasing all claims to homestead and dower therein. TO HAVE AND TO HOLD THE said premises to the said Second Paviles, their heirs and assigns forever.

And said First Parties, for themselves and for their heirs, executors and administrators do hereby covenant with said Parties, their heirs, and assigns, that they are lawfully seized in fee simple of the premises above conveyed and have full power, authority and right to convey the same, and that said premises are free from all encumbrances except

1988 property taxes which are to be prorated between the parties as of the date of closing, the payment of which is assumed by the Second Parties;

and that they will forever warrant and defend the said premises and the title thereto against the lawful claims of all persons whomsoever.

the lawful claims of a	Il persons whomsoever.
Whenever in th	a instrument a pronoun is used it shall be construed to represent either the case may demand. d any gender
IN WITNESS V	VHEREOF the said First Parties hereunder set their hands and seals the
	(L.S.)
	PT. F. PIERLE
•••••	(L.S.) Edylla Pierce (L.S.)
STATE OF TENNES	SEE)
Personally app	eared before me, the undersigned authority, a Notary Public in and for said
County and State	. F. PIERCE and wife, EDYTHE J. PIERCE
	the within named bargainors,
who acknowledged th	onally acquainted, or proved to me on the basis of satisfactory evidence, and hat they executed the within instrument for the purposes therein contained.
	nd and official seal at office, in Knox Chunty Co
this 21 day of	aguary 1988
. (
	Notary Public Communication
1, 2008 11	MY COMMISSION EXPINES DEC. 17. 1880
My Commission exp	res
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STATE OF	> 58.
COUNTY OF	
Personally app	eared before me, the undersigned authority, a Notary Public in and for suid
County and State	The second secon
,	the within named bargainors, with whom I
am personally acqua edged that they exec	inted, or proved to me on the basis of satisfactory evidence, and who acknowl- uted the within instrument for the purposes therein contained.
Witness my ha	and and official seal at office, in County,
thisday of _	19
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	Notary Public
My Commission exp	ires
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Subscribed and awor	n to before me this al at day of January 10.881 C
,	
	Notary Public
COMMISSION EXPIRES DE	0. 17. 1990



This Instrument Prepared By: Lisa Belle Hatfield, Attorney 400 W. Main Street, Suite 699 Knoxville, TN 37902

Sherry Witt Register of Deeds Knox County

Contract No. C-14-0103

AIR RIGHTS EASEMENT

WITNESSETH:

WHEREAS, Owner owns property in fee simple located at 2018 Clinch Avenue in Knoxville, Tennessee, which parcel is bounded to the west by 20th Street, to the south by White Avenue, to the east by 21st Street, and to the north by Clinch Avenue, all of which are public rights-of-way; such Owner's property being more particularly described in a deed dated October 28, 1992 and of record as Instrument Number 199212020044828 in the Office of the Register of Deeds for Knox County, Tennessee ("First Property"); and

WHEREAS, the First Property is improved by the East Tennessee Children's Hospital, a private, independent, not-for-profit, 152-bed pediatric medical center and emergency care facility; and

WHEREAS, Owner is planning an expansion of the existing East Tennessee Children's Hospital. The expansion is anticipated to include construction of a new structure on a series of three parcels owned or occupied by Owner along the south side of White Avenue, to the south of

Knox County Page: 1 of 8 REC'D FOR REC 10/29/2013 2:05:03PM RECORD FEE: \$42.00

M. TAX: \$0.00 T. TAX: \$0.00 201310290027510 the existing hospital and being more particularly described in a deeds of record as Instrument Number 199308180043543, Instrument Number 199101030020406, Instrument Number 015684, at Book 1937 Page 0315 recorded in the Office of the Register of Deeds for Knox County, Tennessee ("Second Property"); and

WHEREAS, the City has a right-of-way interest in and controls the public roadway and sidewalks of White Avenue between the First Property and the Second Property; and

WHEREAS, Owner has requested that the City grant it a permanent air rights easement for the construction and maintenance of two connector building expansions that will extend over the White Avenue right-of-way to connect improvement structures on the First Property and the anticipated improvements on the Second Property.

NOW THEREFORE, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. The City hereby grants and conveys to Owner a permanent air rights easement for construction, operation, inspection, maintenance, repair and replacement of two connector building expansions that will extend across the entire width, north to south, of the White Avenue right-of-way. The two connector building expansions are shown on three drawings prepared by Barber McMurry Architects, (collective Exhibit A) which are attached hereto and made a part hereof by reference.
- 2. Owner shall perpetually construct, maintain, inspect, operate, repair and replace as necessary all or any part of the two connector building expansions within the easement area so that they are maintained in good and safe conditions.



- 3. Owner shall defend, indemnify, and hold harmless the City, its agents, employees, successors and assigns from any and all claims, liabilities, actions, demands, personal injuries, death and property damage resulting from or arising out of the construction, operation, inspection, maintenance, repair or replacement of the sign and canopy and any negligence thereof. This Agreement shall include the obligation to take over and defend any claims filed against the City of Knoxville that arises by virtue of the construction, operation, inspection, maintenance, repair or replacement of the two connector building expansions, or any negligence thereof, and to pay any and all judgments, expenses, attorney fees and court cost in defense of such claims.
- 4. The easement rights granted herein shall be appurtenant to and run with the First Property and remain in full force or effect with respect to any subsequent owner or assignee of the First Property.

The parties have executed this instrument by the duly authorized officers on the day and date first above written.

[Remainder of this page intentionally blank]

I hereby sweer or affirm that the actual consideration or true value of this transfer, whichever is greater is seater is a subscribed and aworn to before me this 29 Hi day of October vr 2013 Deputy Register Moracy Rublic

espérer 9-11-2016

TENNESSEE TOURING

201310290027510

APPROVED AS TO FORM:

CITY OF KNOXVILLE

CHARLES W. SWANSON

LAW DIRECTOR

MADELINE ROGERO

MAYOR

STATE OF TENNESSEE)
COUNTY OF KNOX ()

Before me, Marie a Notary Public in and for the County and State aforesaid, personally appeared Madeline Rogero, with whom I am personally acquainted, and who, upon oath, acknowledged herself to be the Mayor of the City of Knoxville, the within named bargainor, a municipal corporation, and that she as such Mayor, being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the municipal corporation by herself as Mayor.

WITNESS my hand and official seal this // day of October , 2013.

__day of <u>(clober)</u>, 2

William Harris

NOTARY PUBLIC

My Commission Expires: 9-11-2016

[Remainder of this page intentionally blank]

Page: 4 OF 8 201310290027510 EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC.

BY: Fudy McKinley

ITS: VICE PRESIDENT FOR OPERATIONS

STATE OF TENNESSEE) COUNTY OF KNOX)

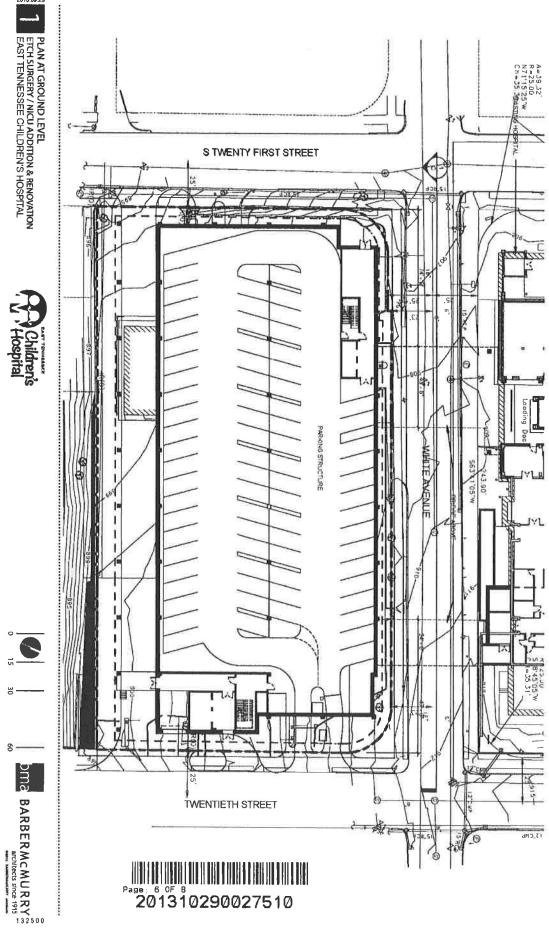
Before me, the undersigned authority, a Notary Public in and for said county and state, personally appeared with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who upon oath acknowledged herself or himself to be the Vice Pierrick, Openations of East Tennessee Children's Hospital and that s/he as such being authorized so to do, executed the within instrument for the purposes therein contained by signing the name of East Tennessee Children's Hospital.

WITNESS my hand and seal, at office this 12 day of 1200 2013.

My Commission Expires: 5-14-16

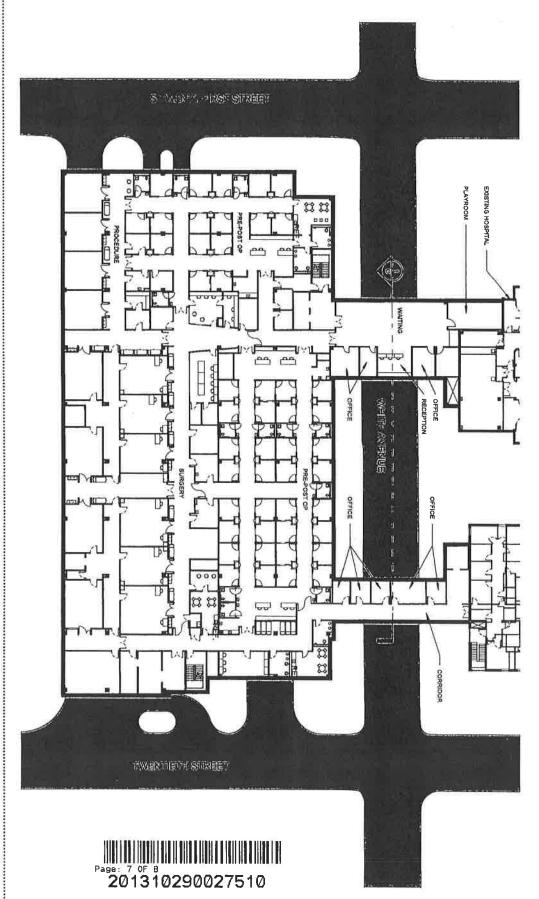
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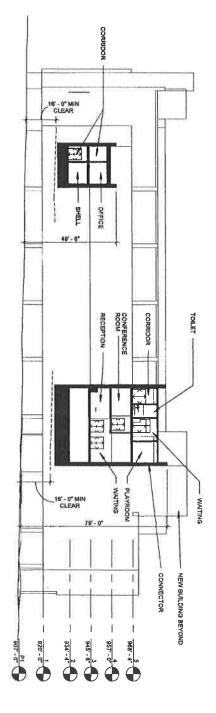






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Attachment B-1 Executive Summary

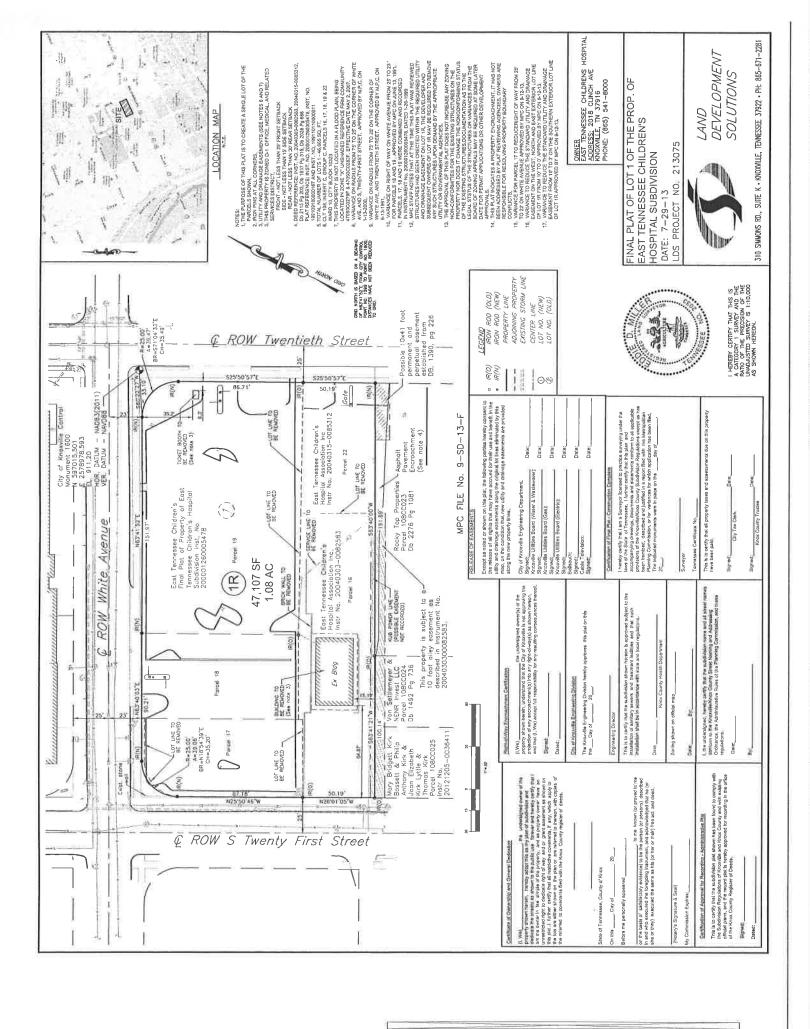
EXECUTIVE SUMMARY EAST TENNESSEE CHILDREN'S HOSPITAL

- 1. Services: The applicant is East Tennessee Children's Hospital (ETCH), the only freestanding children's hospital serving the East Tennessee Perinatal Region. It was the first certified Comprehensive Regional Pediatric Center (CRPC) in Tennessee, which is the highest level of certification for pediatric care. It provides the full range of services for pediatric patients, including imaging, surgery, and Pediatric, NICU and Neonatal Abstinence Syndrome (NAS) inpatient beds. ETCH currently operates 152 beds, with 79 inpatient pediatric, 60 NICU and 13 ICU/CCU. No new beds are being added as a result of this project.
- 2. Ownership Structure: The applicant, East Tennessee Children's Hospital Association, Inc. is a non-profit entity. As such, there is no other entity in the ownership structure of the hospital.
- **3. Project Cost:** The total project costs are approximately \$75,300,000, including the project filing fees of \$45,000.
- 4. Renovation and Expansion: The project includes 211,499 square feet of new space and 67,839 square feet of renovated space. It includes 10 operating rooms and 4 procedure rooms, 48 Pre-Post op bays to accommodate intake, pre- and post-operative care of both inpatients and outpatients in private settings, with options for opening up rooms between siblings, sterile processing to support surgery and procedure case preparations, and 60 private NICU rooms (including 16 private rooms for NAS). Construction is expected to take approximately 3 ½ years so the applicant is requested an extension to 4 years.
- **5. Funding:** Funding for this project is expected to be provided by the issuance of bonds and from cash reserves of the hospital.
- **Service Area:** The primary service area includes Anderson, Blount, Hamblen, Jefferson, Loudon, Roane, Sevier and Knox counties. ETCH also serves the remaining counties in the East Tennessee Perinatal Region, which includes the counties of Campbell, Claiborne, Cocke, Cumberland, Fentress, Grainger, Monroe, Morgan, Pickett, Scott, and Union.
- **Staffing:** Since no new beds are being added and the new space is expected to be more efficient than the existing space, the applicant does not anticipate needing any additional staffing as a result of this project.
- **8. Financial Feasibility:** The costs of the project are reasonable. The applicant expects to generate a positive net income in the first year of operation.
- 9. Need: Current ETCH facilities are at capacity. Over time, many family spaces in patient and public areas have been reduced or displaced to serve medical purposes. Portions of ETCH were built in the 1970's. Renovations occurred in the 1980's and again in the 1990's but these renovations are outdated as well. Children's hospitals have changed significantly since ETCH was built. The areas that are the primary focus of the renovation and expansion are the NICU, including the NAS unit, and the surgical areas.

Current standards are for NICU areas to be private rooms and to include space for the family in a more home-like environment. Operating rooms at ETCH are currently less than 400 square feet and the current standard is for operating rooms to have a minimum of 400 square feet. ETCH plans to build the new ORs with sufficient space for the most efficient operation. It is anticipated that 2 rooms will have 600 square feet, 8 will have 500 square feet, and the 4 procedure rooms will have 400 square feet. Without expansion, there is no space for ETCH to make these necessary changes.

10. Contribution to the Orderly Development of Health Care: ETCH is the only freestanding children's hospital in the East Tennessee Perinatal Region. It is also the only provider of inpatient pediatric beds in the service area. Only two other providers provide NICU beds in the service area - one at Level IIIB, which is the same as ETCH and one at Level IIB, which is not as high a level as the services provided at ETCH and UT. As such, there should be no impact on existing providers as a result of this project. The physical plant at ETCH is seriously outdated. The hospital cannot operate as effectively or as efficiently as it should and continue to provide the high quality of services that it has been providing without the renovation and expansion proposed by this project.

Attachment B.III(A) Plot Plan



Project East Tennessee Childrens Hospital 2018 Clinch Avenue Barber McMurry Architects Knoxville, Tennessee	r 902-01-5391 LEK-KHOXAITE' LEMRESSEE 3263S 20FN LIONZ DENEFO LEMEN L TVND	IUS, AR SNOMMIS OF	та безенфант: Ргоренду Survey	SINEID CHANNI PAG ON	Downstreet Dow
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Clinch Avenue (1988) State of the state of	<u> STwenty First Stree</u> t	25 W 1019	Section of the Avenue	Twenty First Street Control of the control of th	(G.2) ecres) (1004) St. Ft.)

Attachment B-IV Floor Plan

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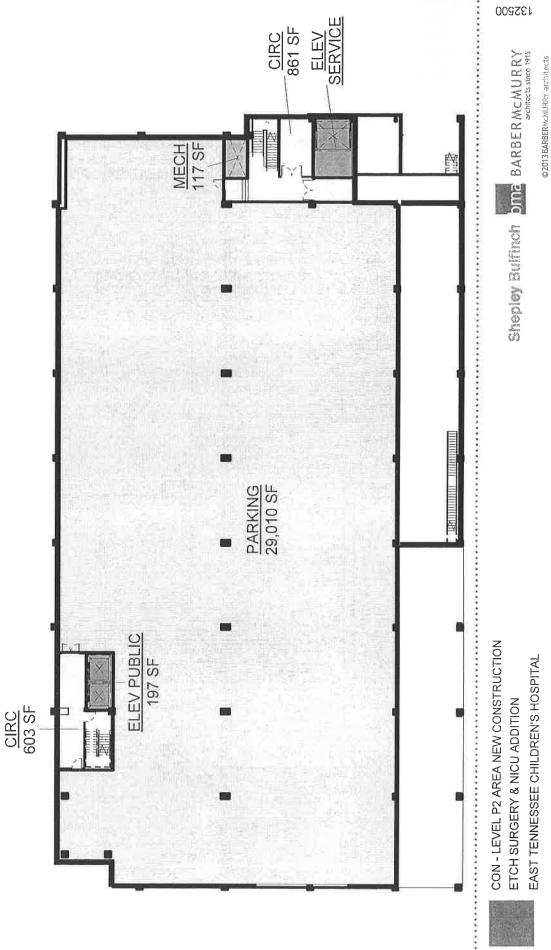
MECH 7,736 SF

SERVICE 297 SF

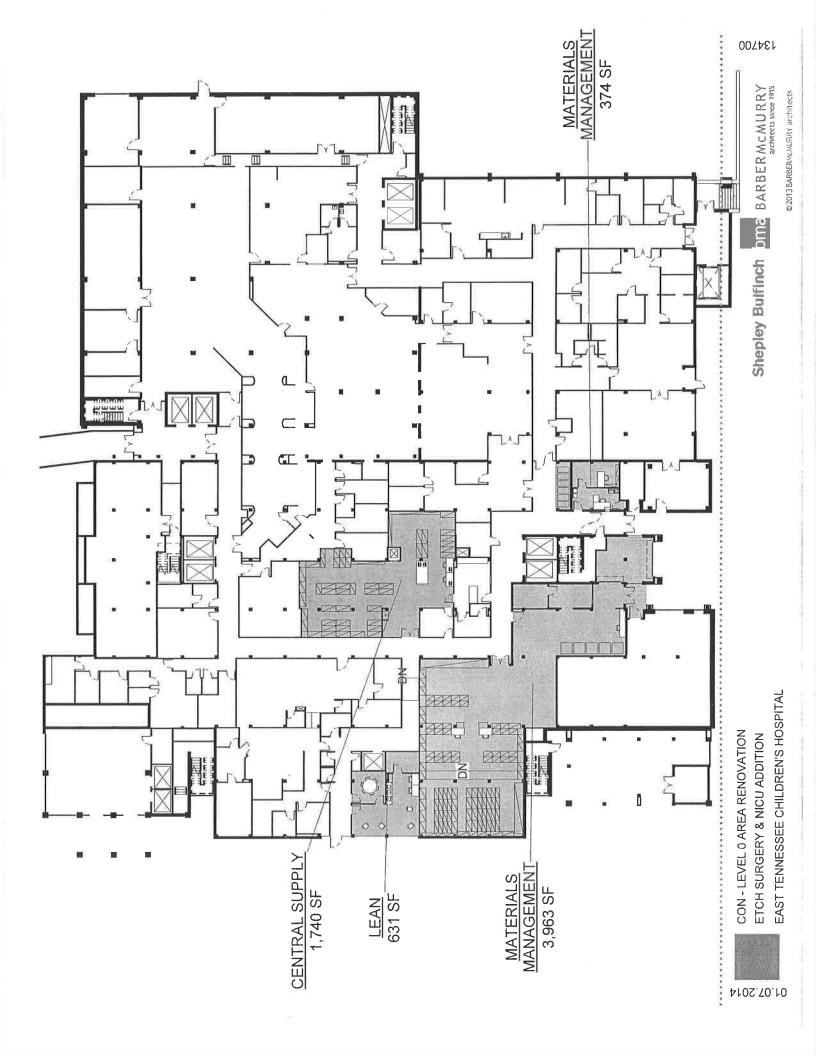
CIRC 514 SF

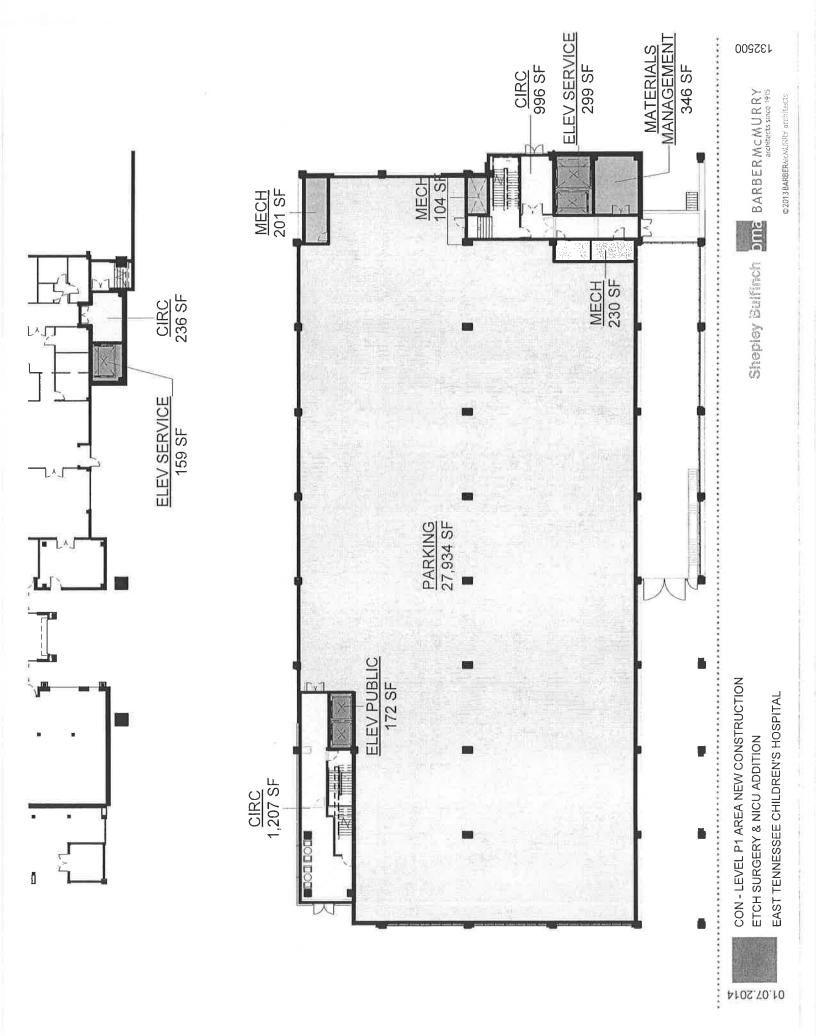
CON - LEVEL SB AREA NEW CONSTRUCTION EAST TENNESSEE CHILDREN'S HOSPITAL ETCH SURGERY & NICU ADDITION

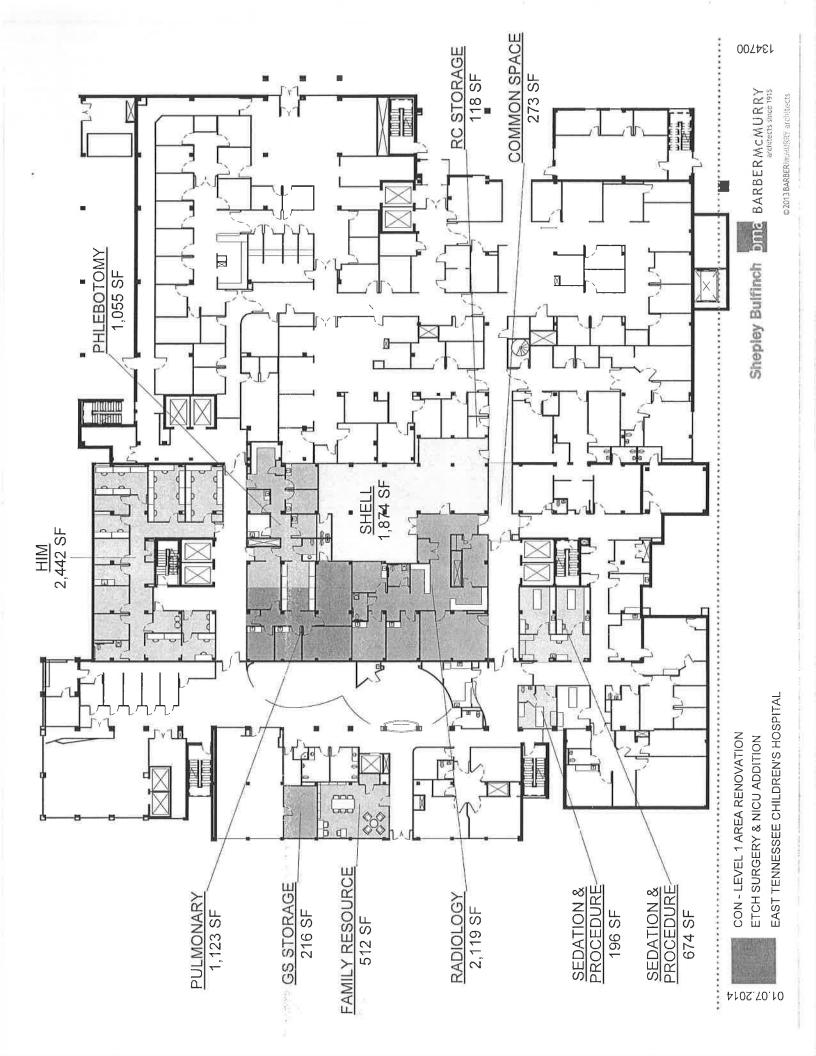
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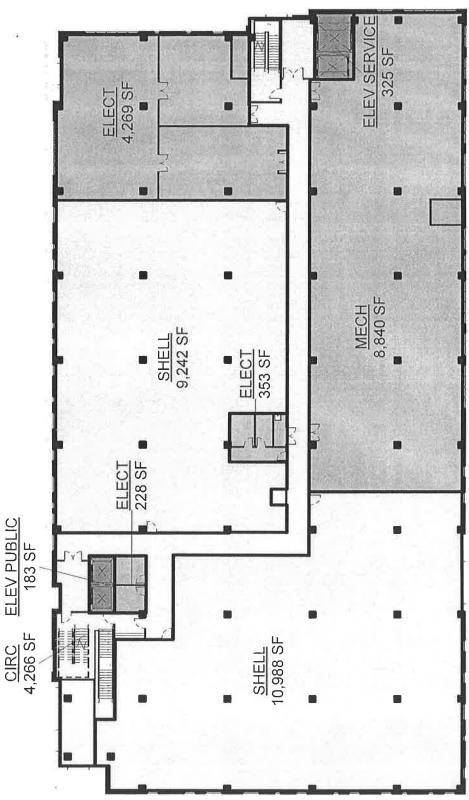






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CIRC 203 SF

ELEV SERVICE 157 SF



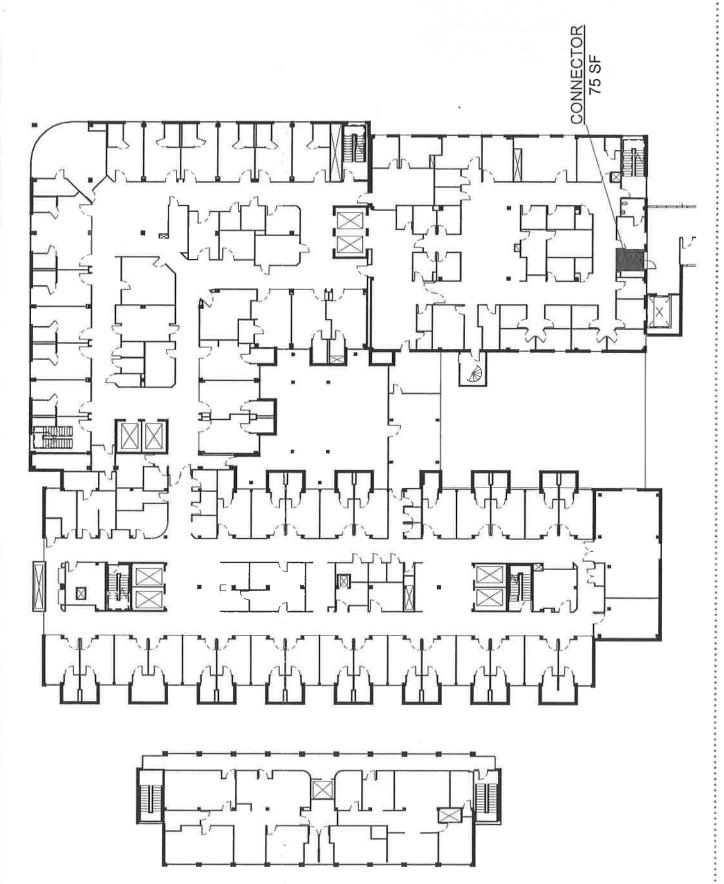


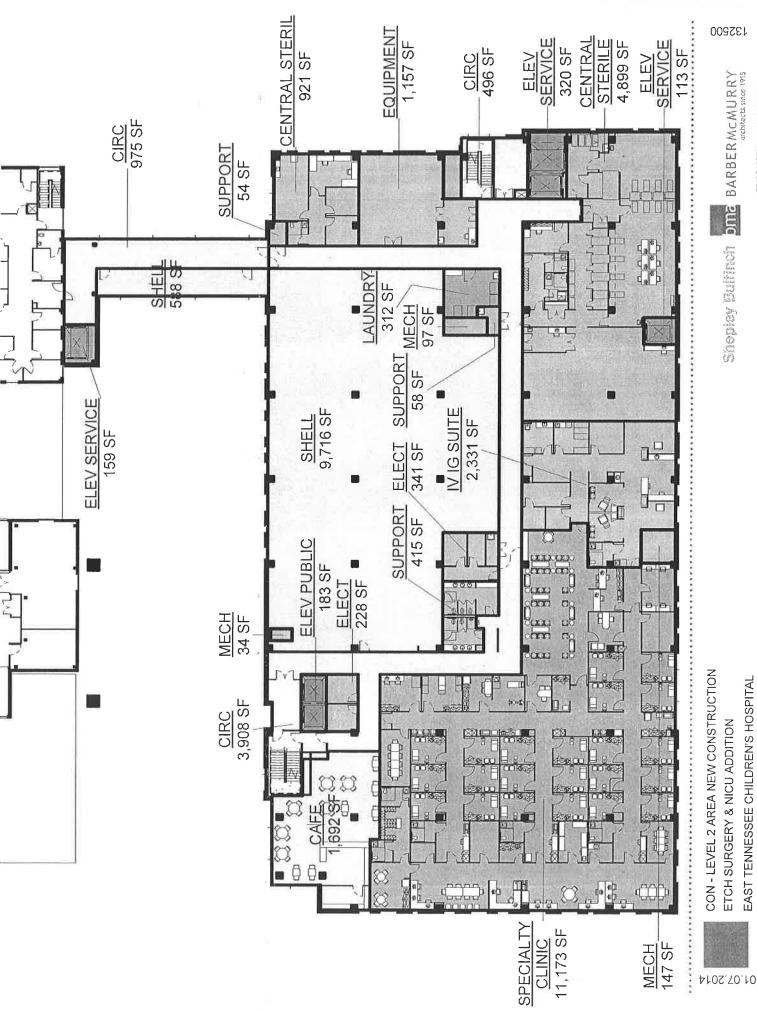
© 2013 BARBERMANURRY architects

EAST TENNESSEE CHILDREN'S HOSPITAL CON - LEVEL 2 AREA RENOVATION ETCH SURGERY & NICU ADDITION



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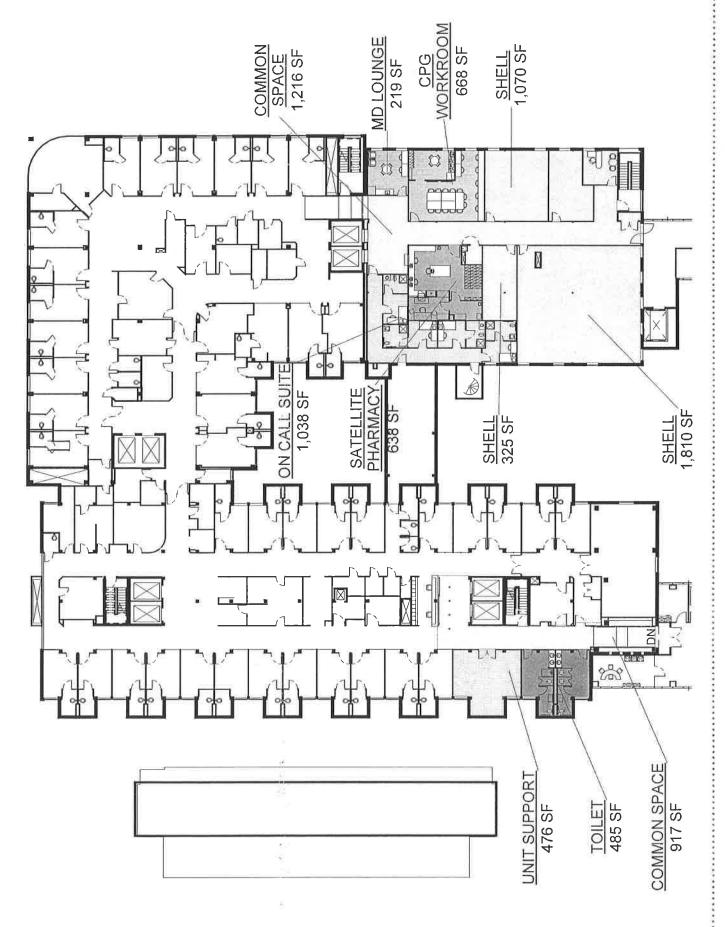
EAST TENNESSEE CHILDREN'S HOSPITAL ETCH SURGERY & NICU ADDITION

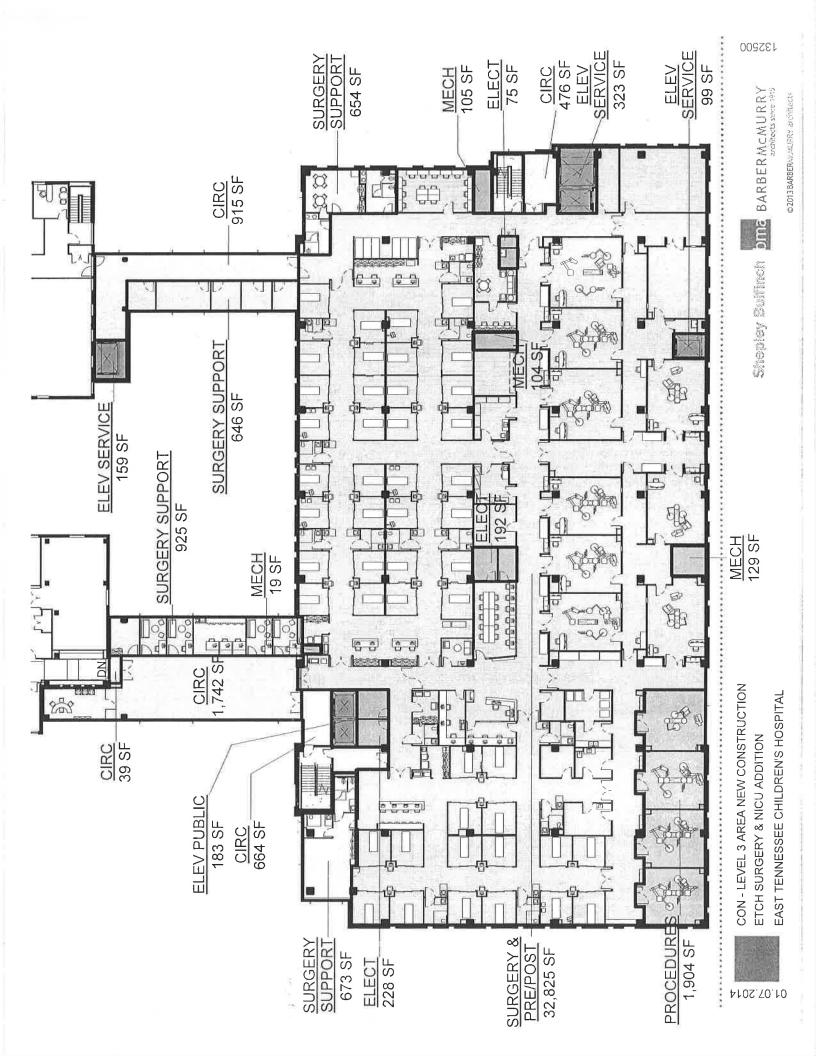


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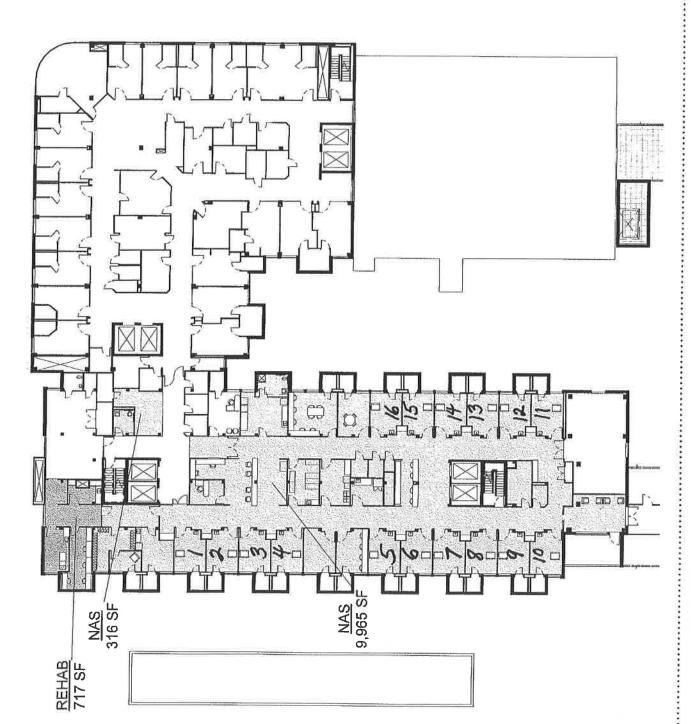


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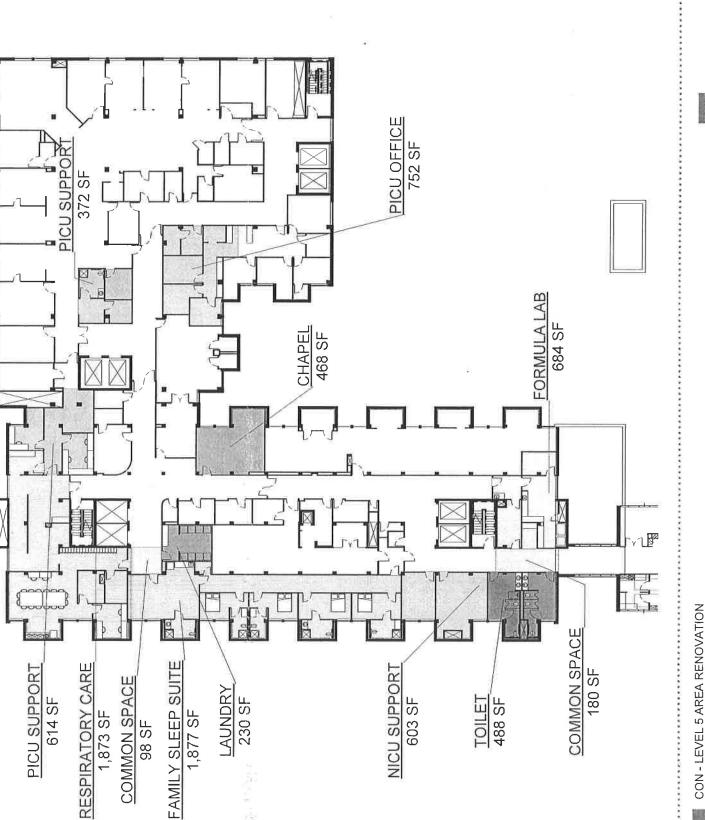
EAST TENNESSEE CHILDREN'S HOSPITAL CON - LEVEL 4 AREA RENOVATION ETCH SURGERY & NICU ADDITION



CON - LEVEL 4 AREA NEW CONSTRUCTION EAST TENNESSEE CHILDREN'S HOSPITAL ETCH SURGERY & NICU ADDITION



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ELECT 42 SF ELEV SERVICE

SARDEN

297 SF

©2013 BARBERMcMURRY architects

CON - LEVEL 5 AREA NEW CONSTRUCTION ETCH SURGERY & NICU ADDITION

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EAST TENNESSEE CHILDREN'S HOSPITAL

世紀年6月 GARDEN 200 SF CIRC 2,687 SF MECH 28 SF 223 8 ELEV PUBLIC ELECT 227 SF 196 SF CIRC 602 SF SUPPORT GARDEN 219 SF 30,158 SF 130 SF GARDEN GARDEN 192 SF ELECT NCC 291 SF 182 SF

GARDEN

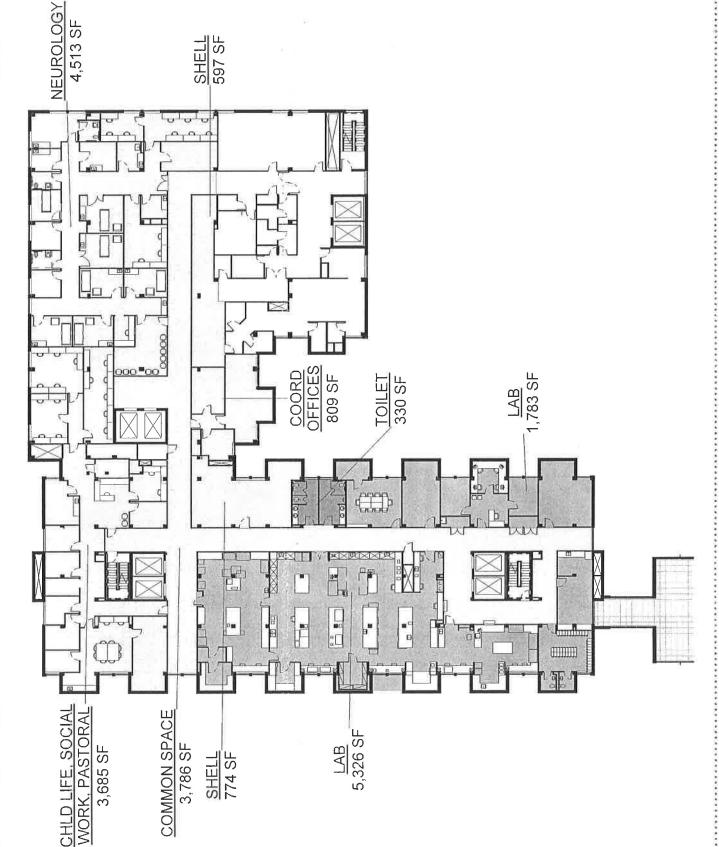
200 SF

104 SF

MECH

CIRC 488 SF

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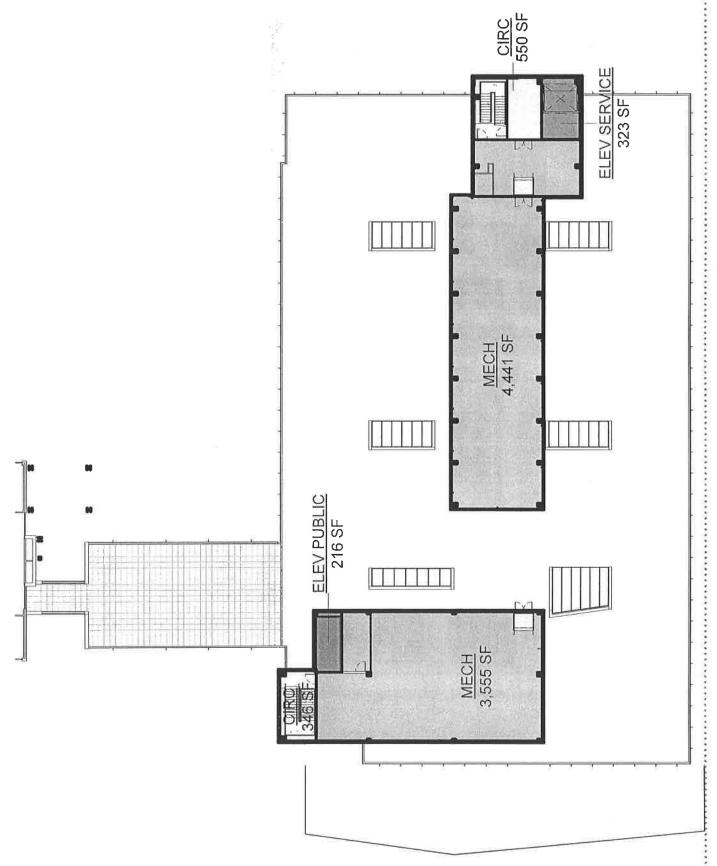




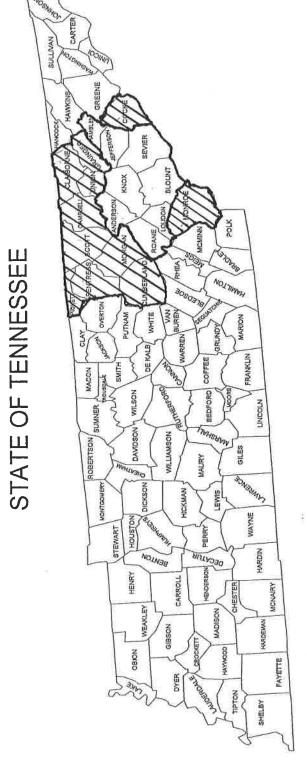
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CON - LEVEL 6 AREA NEW CONSTRUCTION EAST TENNESSEE CHILDREN'S HOSPITAL ETCH SURGERY & NICU ADDITION

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Attachment C-Need-3 Service Area Map



Primary Service Area

Remainder of Perinatal Region

Attachment C-Economic Feasibility-1 Contractor Letter

JOHNSON&GALYON CONSTRUCTION

January 13, 2014

Mr. Rudy McKinley
East Tennessee Children's Hospital
P. O. Box 15010
Knoxville, TN 37901

Re: ETCH Renovation and Expansion Project

Gentlemen:

We have thoroughly reviewed the schematic design documents for your Renovation and Expansion project. In addition, we have had numerous in depth meetings with the design team to achieve a comprehensive understanding of the project design and overall objectives. Our cost consultants have also participated in the meetings with the design team to clarify the scope in their areas of expertise.

As the Construction Manager for this project, we had direct involvement in the generation of the estimated cost for this project. In our professional opinion, the estimated construction cost of \$62,000,000 and the schedule for this project are reasonable and attainable. If you have questions or require further information, please do not hesitate to call.

Very truly yours,

Johnson & Galyon Inc.

David W. Smith Executive Vice President



Attachment C, Economic Feasibility-2 Financing Letters



January 9, 2014

State of Tennessee Health Services and Development Agency Andrew Jackson Building 500 Deaderick Street, 9th Floor Nashville, TN 37243

Per the June 30, 2013 audited financial statements, East Tennessee Children's Hospital Association had \$150,535,070 in cash, cash equivalents, and trading securities and \$41,543,825 in total long-term debt. No additional long-term debt has been added since June 30, 2013.

Sincerely,

Zane Goodrich

- Vice President for Finance and

Chief Financial Officer

The Health, Educational and Housing Facility Board of the County of Knox

17 Market Square, #201 Knoxville, Tennessee 37902-1405 Phone: (865) 546-5887 Fax: (865) 546-6170

January 10, 2014

East Tennessee Children's Hospital Association, Inc. 2018 Clinch Avenue Knoxville, Tennessee 37916 Attention: Zane Goodrich

Dear Zane:

We understand that East Tennessee Children's Hospital Association, Inc. (the "Hospital") is considering a tax-exempt bond transaction to finance certain facilities at the Hospital (the "Project"). In connection with your application for a certificate of need relating to the Project, you have requested that we provide you with a letter regarding our initial contact.

As you know, we have successfully completed multiple tax-exempt bond transactions with the Hospital in the past, including the transaction closed August 20, 2013. Based on our past experience with the Hospital and our understanding of the proposed Project, we would not expect any problems in serving as the conduit issuer for the proposed financing.

Please consider this letter as evidence that the Hospital and The Health, Educational and Housing Facility Board of the County of Knox have had favorable initial contact with respect to the proposed financing of the Project through a conduit bond issue.

THE HEALTH, EDUCATIONAL AND HOUSING FACILITY, BOARD, OF THE COUNTY OF KNOX

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PROPOSED DRAFT

January 10, 2014

Ms. Melanie Hill
Executive Director
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Re: Financing East Tennessee Children's Hospital's New Construction and Renovation

Dear Ms. Hill:

The purpose of this letter is to provide Ponder & Co.'s opinion that the debt financing plan required for East Tennessee Children's Hospital's ("ETCH") proposed construction and renovation project is feasible. For the past year, Ponder & Co. has provided independent financial advice to ETCH in its capacity as financial advisor to healthcare organizations on matters of capital formation and capital markets transactions.

Ponder & Co. bases its opinion on the firm's extensive experience with capital financing and debt offerings for non-profit hospital organizations, like ETCH. Since 1985, Ponder & Co. has served as independent, financial advisor to non-profit hospital organizations for over 1,500 public debt offerings (totaling approximately \$87 billion) for major capital projects, including replacement hospitals. The firm's professionals have also prepared over 500 capital access plans and debt capacity studies for hospital organization clients, like ETCH, during the same period.

The Board and Management of ETCH have determined that the new construction and renovation at its main campus in Knoxville, Tennessee (the "Project") is best for the community it serves and ETCH's future operation. We believe that the Project is financially feasible based upon our review of the facts and the reasonable assumptions provided by ETCH management regarding (1) the Project's estimated total cost, (2) ETCH's strong operating results, modest debt burden, and significant cash reserves, (4) the Project's expected patient demand and operating efficiencies and (5) ETCH's projected financial performance.

Ponder & Co. has also considered the proposed amount of debt financing for the Project. We believe that ETCH will be able to sell tax-exempt securities at acceptable interest rates to fund the portion of the Project that is not funded with ETCH's cash reserves and community donations. We anticipate that ETCH will receive investment grade bond ratings of "Baa1" from Moody's Investors Service and "BBB+" from Standard & Poor's Corporation, the two rating agencies which have rated ETCH's bonds in the past and evaluated its overall creditworthiness. We also expect significant interest from a number of bank lenders and bond underwriters to purchase the proposed bonds for the Project.

We hope that the information provided in this letter will be helpful to the Health Services and Development Agency during its review of ETCH's Certificate of Need application. Do not hesitate to contact me directly, if you have questions or if there is any additional information which we can provide.

Sincerely yours,

John E. Cheney

John E. Cheney Senior Vice President (410) 435-6745 or jcheney@ponderco.com

Attachment C, Economic Feasibility-10 Audited Financials

EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC. AND SUBSIDAIRIES

Audited Consolidated Financial Statements

Years Ended June 30, 2013 and 2012



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Audited Consolidated Financial Statements

Years Ended June 30, 2013 and 2012

Independent Auditor's Report	1
Audited Consolidated Financial Statements	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets	5
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	



PERSHING YOAKLEY & ASSOCIATES, P.C. One Cherokee Mills, 2220 Sutherland Avenue Knoxville, TN 37919

p: (865) 673-0844 | f: (865) 673-0173 www.pyopc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of East Tennessee Children's Hospital Association, Inc.:

We have audited the accompanying consolidated financial statements of East Tennessee Children's Hospital Association, Inc. and subsidiaries (the Hospital), which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Hospital's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

- 1

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of East Tennessee Children's Hospital Association, Inc. and subsidiaries as of June 30, 2013 and 2012, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Permis Frankley: Association, Inc. and subsidiaries as of June 30, 2013 and 2012, and the results of their operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Knoxville, Tennessee September 18, 2013

Consolidated Balance Sheets

	June 30,		
	2013	2012	
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 32,461,421	\$ 32,228,925	
Assets limited as to use	2,238,120	2,204,600	
Patient accounts receivable, less estimated allowances for			
uncollectible accounts and contractual adjustments of			
\$28,749,000 in 2013 and \$31,634,000 in 2012	28,476,238	31,411,628	
Other receivables, net	299,973	261,376	
Inventories and prepaid expenses	3,770,159	3,464,373	
TOTAL CURRENT ASSETS	67,245,911	69,570,902	
ASSETS LIMITED AS TO USE, under bond indenture			
agreements - held by trustee, less current portion	3,304,144	3,362,061	
TRADING SECURITIES	118,073,649	74,625,545	
PROPERTY, PLANT AND EQUIPMENT, net of			
accumulated depreciation	76,260,226	76,748,774	
OTHER ASSETS			
Cash, investments and other assets restricted by donors			
for long-term purposes	20,702,731	20,040,118	
Notes receivable and other	1,455,642	1,594,247	
Land held for expansion	436,201	421,201	
Deferred financing costs, net	1,108,272	1,161,469	
Intangible asset	248,432	383,000	
Investment in joint venture	1,058,506	962,235	
TOTAL OTHER ASSETS	25,009,784	24,562,270	
TOTAL ASSETS	\$ 289,893,714	\$ 248,869,552	

	June 30,		
	2013	2012	
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current portion of long-term debt	\$ 1,150,000	\$ 1,100,000	
Accounts payable and accrued expenses	11,060,360	11,178,658	
Accrued compensation, benefits and payroll taxes	10,368,247	9,382,357	
Estimated payable to third-party payers, net	2,401,306	733,108	
CURRENT LIABILITIES	24,979,913	22,394,123	
OTHER LIABILITIES			
Other long-term and estimated professional liabilities	300,000	410,000	
Long-term debt, net of current portion	40,393,825	41,531,527	
TOTAL LIABILITIES	65,673,738	64,335,650	
COMMITMENTS AND CONTINGENCIES - Note K			
NET ASSETS			
Unrestricted	198,949,366	161,397,098	
Temporarily restricted	9,104,210	7,103,337	
Permanently restricted	16,166,400	16,033,467	
TOTAL NET ASSETS	224,219,976	184,533,902	

TOTAL LIABILITIES AND NET ASSETS **\$ 289,893,714** \$ 248,869,552

Consolidated Statements of Operations and Changes in Net	Consolidated Statements of Operations and Changes in Net Assets				
	Year Ended June 30,				
	2013	2012			
CHANGES IN UNRESTRICTED NET ASSETS:					
Unrestricted revenue, gains, and support:					
Patient service revenue, net of contractual allowances	\$ 210,565,784	\$ 203,541,686			
Provision for bad debts	(3,691,343)	(4,110,085)			
Net patient service revenue	206,874,441	199,431,601			
Other revenue:					
Other operating revenue, net	5,850,203	3,600,050			
Unrestricted donations	1,416,497	305,940			
Net assets released from restrictions used for operations	2,151,680	1,987,005			
TOTAL REVENUE, GAINS AND SUPPORT	216,292,821	205,324,596			
EXPENSES:					
Salaries and wages	87,012,523	81,913,854			
Employee benefits	23,973,058	23,268,185			
Supplies	30,679,477	28,602,160			
Professional fees and services	22,100,684	22,088,874			
Depreciation and amortization	7,970,424	7,332,047			
Interest	2,181,202	2,254,635			
Other	15,354,890	14,203,923			
TOTAL EXPENSES	189,272,258	179,663,678			
OPERATING INCOME	27,020,563	25,660,918			
Other gains:					
Net investment gain	6,181,866	1,819,655			
Net gain on disposal of assets	9,580	586,041			
Equity in earnings of joint venture	1,030,899	799,110			
Other nonoperating gains	38,877				
EXCESS OF REVENUE, GAINS AND SUPPORT					
OVER EXPENSES AND LOSSES	34,281,785	28,865,724			
Net assets released from restrictions used for the purchase					
of property, plant and equipment or principal payments on					
long-term debt	3,270,483	822,467			
INCREASE IN UNRESTRICTED NET ASSETS	37,552,268	29,688,191			
Unrestricted net assets, beginning of year	161,397,098	131,708,907			
Unrestricted net assets, end of year	\$ 198,949,366	\$ 161,397,098			

2	Year Ended June 30,			une 30,
		2013		2012
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Temporarily restricted contributions	\$	5,063,441	\$	4,135,848
Net investment income		2,359,595	,	807,331
Net assets released from restrictions		(5,422,163)		(2,809,472)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS		2,000,873		2,133,707
Temporarily restricted net assets, beginning of year		7,103,337		4,969,630
Temporarily restricted net assets, end of year	\$	9,104,210	\$	7,103,337
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:				
Permanently restricted contributions	\$	132,933	\$	54,812
Permanently restricted net assets, beginning of year		16,033,467		15,978,655
Permanently restricted net assets, end of year	\$	16,166,400	\$	16,033,467
Increase in net assets	\$	39,686,074	\$	31,876,710
Net assets, beginning of year		184,533,902		152,657,192
Net assets, end of year	\$	224,219,976	\$	184,533,902

Consolidated Statements of Cash Flows

		Year Ende	d J	une 30,
		2013		2012
CASH FLOWS FROM OPERATING ACTIVITIES:				
Increase in net assets	\$	39,686,074	\$	31,876,710
Adjustments to reconcile increase in net assets				
to net cash provided by operating activities:				
Depreciation and amortization		7,970,424		7,332,047
Net gain on disposal of assets		(9,580)		(586,041)
Equity in earnings of joint venture		(1,030,899)		(799,110)
Restricted contributions		(5,406,484)		(4,016,196)
Amortization of bond discount		12,298		-
Increase (decrease) in cash due to changes in:				
Patient accounts receivable, net		2,935,390		914,732
Other receivables, net		196,885		(326,603)
Inventories and prepaid expenses		(305,786)		(346,732)
Trading securities	(45,623,108)		(29,922,118)
Other assets		(3,300)		(209,385)
Accounts payable and accrued expenses		(118,298)		1,517,841
Accrued compensation, benefits and payroll taxes		985,890		762,846
Estimated payable to third-party payers, net		1,668,198		992,422
Other long-term and estimated professional liabilities		(110,000)		
Total adjustments	(38,838,370)		(24,686,297)
NET CASH PROVIDED BY				
OPERATING ACTIVITIES		847,704		7,190,413
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, net		(7,310,787)		(5,513,092)
Proceeds from disposal of property, plant and equipment		23,718		868,775
Decrease (increase) in assets limited as to use		24,397		(38,121)
Payments received on notes receivable		179,594		235,979
Increase in notes receivable		(50,152)		(7,155)
Cash paid for acquisition of physician practices				, , ,
and related assets		5940		(339,292)
Distributions from joint venture		934,628		809,683
NET CASH USED IN INVESTING ACTIVITIES		(6,198,602)		(3,983,223)

	Year Ended June 30,			Tune 30,
Non-third all the control of the con		2013		2012
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments on long-term debt		(1,100,000)	ı	(1,050,000)
Restricted contributions		5,406,484		4,016,196
NET CASH PROVIDED BY FINANCING ACTIVITIES	_	4,306,484		2,966,196
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,044,414)		6,173,386
CASH AND CASH EQUIVALENTS, beginning of year		33,505,835		27,332,449
CASH AND CASH EQUIVALENTS, end of year	\$	32,461,421	\$	33,505,835
Reconciliation of cash and cash equivalents on Consolidated Statements of Cash Flows to the Consolidated Balance Sheets:				
Cash and cash equivalents - unrestricted Cash restricted by donors for long-term purposes	\$	32,461,421	\$	32,228,925 1,276,910
	\$	32,461,421	\$	33,505,835
				10.
SUPPLEMENTAL INFORMATION:				
Cash paid for interest	\$	2,200,800	\$	2,249,175
Restricted contribution accrual	\$	54,691	\$	264,801

During 2012, the Hospital acquired the assets of certain physician practices. The physician practices are consolidated within the accompanying consolidated financial statements as of the respective acquisition dates. The consolidated cash flows include the practices' cash flows since the acquisition dates.

Notes to Consolidated Financial Statements

Years Ended June 30, 2013 and 2012

NOTE A .- THE ENTITY

Operations: East Tennessee Children's Hospital Association, Inc. (the Hospital) is a 152-bed, not-for-profit acute care pediatric hospital located in Knox County, Tennessee. The Hospital is the sole shareholder or sole member of the following subsidiaries:

East Tennessee Children's Hospital Primary Care Center, Inc. (Primary Care), a taxable not-for-profit entity established in 1995 as a holding company for Children's Primary Care Center, the Pediatric Clinic, Boys and Girls Pediatrics, Maryville Pediatric Group, Oak Ridge Pediatric Clinic, Greene Mountain Pediatrics, Greeneville Pediatrics and Children's Faith Pediatrics. Other than Children's Primary Care Center, all pediatric clinics are practices acquired by the Hospital. The clinics are located throughout Knox, Blount, Anderson, Loudon, Campbell, Greene and Sevier Counties in Tennessee.

Collector's, Inc. of Knoxville (CIK), a for-profit collection agency. During 2005, the operations of CIK were absorbed into and became a department of the Hospital. Management does not intend to permanently dissolve CIK.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements include the accounts of the Hospital and its subsidiaries after elimination of all significant intercompany accounts and transactions. For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as revenues and expenses. Peripheral or incidental transactions are reported as other gains (losses).

Use of Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates subject to change in the near term include estimated contractual adjustments, estimated allowance for uncollectible accounts, estimated payable to third-party payers, net and estimated professional liabilities.

Cash and Cash Equivalents: Cash and cash equivalents include non-designated investments with original terms to maturity of approximately three months or less when purchased. Cash and cash equivalents designated as assets limited as to use, restricted by donors for long-term purposes or uninvested amounts included in investment portfolios are not included in the Consolidated Balance Sheets as cash and cash equivalents.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories: Inventories are carried at the lower of cost or market utilizing the first-in, first-out method.

Trading Securities and Investment Income: Trading securities are reported at fair value based on quoted market prices of identical or similar securities. Realized gains and losses on trading securities are computed using the specific identification method for cost determination. Investment income (including unrealized and realized gains and losses) on unrestricted funds are reported as a part of other gains (losses). Estimated earnings (including unrealized and realized gains and losses) on temporarily restricted net assets are allocated to that net asset classification (Note C). Investment income is reported net of related investment fees.

Assets Limited as to Use: Investments held by a trustee under the terms of bond indentures are reported as assets limited as to use. Assets limited as to use that are required for obligations classified as current liabilities or amounts to be paid during the subsequent year are reported as current assets.

Property, Plant and Equipment: Property, plant and equipment is stated at cost or, if donated, at the fair market value at the date of the gift. Depreciation is computed by the straight-line method over the estimated useful lives of the buildings and improvements (5 to 40 years) and equipment (3 to 20 years). Renewals and betterments are capitalized and depreciated over their estimated useful lives, whereas repair and maintenance expenditures are expensed as incurred. The Hospital reviews capital assets for indications of potential impairment when there are changes in circumstances related to a specific asset. The Hospital did not recognize any impairment losses in 2013 or 2012.

Deferred Financing Costs: Deferred financing costs are amortized over the term of the respective debt issue utilizing the straight-line method. Deferred financing costs are net of accumulated amortization of \$540,837 and \$487,640 at June 30, 2013 and 2012, respectively.

Intangible Asset: The intangible asset relates to patient relationships acquired in the purchase of a physician practice.

Investment in Joint Venture: The investment in joint venture is recorded on the equity method of accounting (Note J).

Temporarily and Permanently Restricted Net Assets: Temporarily restricted net assets are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Excess of Revenue, Gains and Support Over Expenses and Losses: The Statements of Operations and Changes in Net Assets includes the caption Excess of Revenue, Gains and Support Over Expenses and Losses (the Measurement). Contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets) are excluded from the Measurement.

Net Patient Service Revenue/Receivables: Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with certain third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Patient accounts receivable are reported net of both an estimated allowance for uncollectible accounts and an allowance for contractual adjustments. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicaid, TennCare and other third-party payment programs. Current operations include a provision for bad debts estimated based upon the age of the patient accounts receivable, historical writeoffs and recoveries and any unusual circumstances (such as local, regional or national economic conditions) which affect the collectibility of receivables, including management's assumptions about conditions it expects to exist and courses of action it expects to take. Additions to the allowance for uncollectible accounts result from the provision for bad debts. Patient accounts written off as uncollectible are deducted from the allowance for uncollectible accounts. Patient service revenue is recorded prior to assessing the patient's ability to pay and as such, the estimated provision for bad debts is recorded as a deduction from patient service revenue, net of contractual allowances in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

The Hospital's policy does not require collateral or other security for patient accounts receivable. The Hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Receipts from the State of Tennessee under the TennCare Essential Access, Disproportionate Share and Trauma Care programs are recognized as net patient service revenue when such amounts can be reasonably estimated.

Charity Care: The Hospital provides healthcare services and other financial support through various programs that are designed to enhance the health of children in the community and foster medical education and research. The Hospital's financial assistance policy is designed to provide care to patients regardless of their ability to pay. Patients who meet certain criteria for charity care are

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

provided healthcare without charge. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, charges at established rates are not reported as revenue. Charges foregone, based on established rates, totaled approximately \$962,000 and \$1,132,000 in 2013 and 2012, respectively. The estimated direct and indirect cost of providing these services totaled approximately \$368,000 and \$446,000 in 2013 and 2012, respectively. Such costs are determined using a ratio of cost to charges analysis with indirect cost allocated under a reasonable and systematic approach.

Donor Restricted Gifts: Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Resources restricted by donors for specific operating purposes are held as temporarily restricted net assets until expended for the intended purpose, at which time they are reported as "net assets released from restrictions used for operations." Resources restricted by donors for additions to property, plant and equipment (or payments on debt incurred for property additions) are held as temporarily restricted net assets until expended, at which time they are reported as "net assets released from restrictions used for the purchase of property, plant and equipment or principal payments on long-term debt."

Gifts, grants and bequests not restricted by donors are reported as unrestricted donations. The majority of unconditional promises to give and other support receivables are expected to be received within twelve months.

Endowments: The Hospital's endowment consists of fifteen individual funds established by donors for a variety of purposes. The Board of Directors of the Hospital has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment. (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are expended in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Hospital considers various factors in making a determination to appropriate or accumulate donor-restricted endowment funds. such as the duration and preservation of the fund, the purposes of the Hospital and the donorrestricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the organization and the investment policies of the Hospital.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

Federal Income Taxes: The Hospital is classified as an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying consolidated financial statements related to the 501(c)(3) organization. Primary Care and CIK are taxable entities and account for income taxes in accordance with FASB ASC 740, Income Taxes (Note M). The Hospital has no uncertain tax positions at June 30, 2013 or 2012. At June 30, 2013, tax returns for 2009 through 2013 are subject to examination by the Internal Revenue Service.

Fair Value of Financial Instruments: The carrying value of substantially all financial instruments approximates fair value due to the nature or term of the instruments, except for long-term debt (Note O).

Subsequent Events: The Hospital evaluated all events or transactions that occurred after June 30, 2013, through September 18, 2013, the date the consolidated financial statements were available to be issued. During this period management did not note any material recognizable subsequent events that required recognition or disclosure in the June 30, 2013 consolidated financial statements, other than as discussed in Note P.

New Accounting Pronouncements: In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-07, Healthcare Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Healthcare Entities, which requires certain healthcare entities to reclassify the provision for bad debts associated with providing patient care from an operating expense to a deduction from net patient service revenue in the Consolidated Statements of Operations and Changes in Net Assets. Additionally, ASU 2011-07 requires enhanced disclosures about an entity's policies for recognizing revenue and assessing bad debts and qualitative and quantitative information about changes in the allowance for doubtful accounts. The Hospital retroactively adopted ASU 2011-07 in fiscal year 2013. The adoption of ASU 2011-07 did not have a material impact on the 2013 or 2012 consolidated financial statements.

Reclassifications: Certain 2012 amounts have been reclassified to conform with the 2013 presentation in the accompanying consolidated financial statements.

NOTE C--TRADING SECURITIES AND ASSETS LIMITED AS TO USE

Assets limited as to use under bond indenture agreements and assets required to be used for debt service are summarized by type as follows as of June 30:

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE C--TRADING SECURITIES AND ASSETS LIMITED AS TO USE - Continued

	 2013	2012
Cash equivalents	\$ 3,424,264	\$ 5,566,661
U.S. government securities	 2,118,000	-
	 5,542,264	5,566,661
Less: amount required to meet current liabilities	 (2,238,120)	 (2,204,600)
Non-current assets limited as to use	\$ 3,304,144	\$ 3,362,061

Trading securities, at fair value, are summarized by type as follows as of June 30:

	2013	 2012
Marketable equity securities	\$ 53,130,254	\$ 36,869,503
U.S. government securities	4,568,678	3,730,652
U.S. agency securities	16,973,150	15,895,794
Corporate debt securities	45,387,600	29,669,503
Municipal bond securities	10,976,168	4,466,904
Cash equivalents	7,711,211	2,491,596
	138,747,061	93,123,952
Less: securities classified as restricted by donors		
for long-term purposes	 (20,673,412)	(18,498,407)
Trading securities	\$ 118,073,649	\$ 74,625,545

Income on trading securities and assets limited as to use is comprised of the following for the years ending June 30:

	2013	2012
Interest and dividend income, net of fees	\$ 3,415,160 \$	1,204,232
Net realized (losses) gains on the sale of securities	(1,221,410)	348,368
Change in net unrealized gain on securities	 3,988,116	267,055
	\$ 6,181,866 \$	1,819,655

The Hospital allocates certain investment earnings to temporarily restricted net assets. The allocated income is comprised of the following for the years ending June 30:

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE C--TRADING SECURITIES AND ASSETS LIMITED AS TO USE - Continued

	2013	2012
Interest and dividend income, net of fees	\$ 654,390	\$ 839,734
Change in net unrealized gain on securities	1,705,205	 (32,403)
	\$ 2,359,595	\$ 807,331

The trading portfolio, (including securities restricted by donors for long-term purposes) had a net unrealized gain of approximately \$9,797,000 at June 30, 2013 and a net unrealized gain of approximately \$4,104,000 at June 30, 2012.

NOTE D-PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at June 30 is summarized as follows:

	_	2013	2012
Land	\$	8,545,188 \$	8,532,057
Building and improvements		93,533,821	92,123,849
Equipment		58,617,339	54,453,880
Construction in progress	_	*	386,496
		160,696,348	155,496,282
Less: Accumulated depreciation		(84,436,122)	(78,747,508)
	\$	76,260,226 \$	76,748,774

Depreciation expense for the years ended June 30, 2013 and 2012 was approximately \$7,770,000 and \$7,266,000, respectively.

NOTE E--LONG-TERM DEBT

During 2003, the Hospital issued \$50,000,000 of Hospital Revenue Refunding and Improvement Bonds (the 2003 Bonds). The 2003 Bonds consist of \$25,060,000 of Series A (insured) term bonds (the Series A bonds); \$18,755,000 of Series B term bonds (the Series B term bonds) and \$6,185,000 of Series B serial bonds (the Series B serial bonds). Certain proceeds from the issuance of the 2003 Bonds, net of issuance costs and discounts, were deposited into trust accounts for future capital projects and construction period interest payments. Certain other amounts were deposited into a debt service reserve fund, as required by the Master Trust Indenture dated February 15, 2003, as

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE E--LONG-TERM DEBT - Continued

additional security for bond holders. Further, approximately \$6,490,000 was deposited into a trust account under an Escrow Deposit Agreement for the purpose of paying principal, interest and applicable call premiums on previously issued debt. The 2003 Bonds are secured by an interest in the gross revenues of the Hospital and Primary Care.

The following is a summary of long-term debt as of June 30:

	2013	2012
Revenue Bonds, 2003, Series A, issued through the Health, Educational and Housing Facility Board of Knox County, Tennessee; consisting of term bonds totaling \$25,060,000, bearing interest of 5% with required annual sinking fund payments ranging from \$1,405,000 to \$2,555,000, beginning in 2018 through 2030.	\$ 25,060,000	\$ 25,060,000
Revenue Bonds, 2003, Series B, issued through the Health, Educational and Housing Facility Board of Knox County, Tennessee; consisting of remaining serial bonds of \$1,150,000, bearing interest of 4.75% maturing in 2014; and term bonds totaling \$15,600,000 bearing interest at rates ranging from 5.00% to 5.75% with required sinking		
fund payments ranging from \$1,205,000 to \$3,205,000 through 2034.	16,750,000	17,850,000
Less: unamortized discount Less: current portion	41,810,000 (266,175) (1,150,000)	42,910,000 (278,473) (1,100,000)
	\$ 40,393,825	\$ 41,531,527

The maturities of the outstanding debt at June 30, 2013 are as follows for the years ending June 30:

2014	\$	1,150,000
2015		1,205,000
2016		1,270,000
2017		1,335,000
2018		1,405,000
Thereafter		35,445,000
	\$	41,810,000

Under the terms of the bond indenture, the Hospital is required to maintain certain deposits with a trustee which are included as part of assets limited as to use. The Hospital is also subject to certain

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE E--LONG-TERM DEBT - Continued

affirmative and negative covenants, including maintenance of specific debt service coverage ratios. The Hospital believes it is in compliance with these covenants at June 30, 2013.

NOTE F--TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	 2013	2012
Healthcare services:		
Purchases of equipment and debt service	\$ 4,536,331	\$ 4,006,652
Research and education	1,990,026	1,501,466
Indigent care and other	2,577,853	1,595,219
	\$ 9,104,210	\$ 7,103,337

During 2013 and 2012, approximately \$2,466,000 and \$822,000, respectively, of temporarily restricted net assets were released from restrictions for the purchase of property and equipment. As discussed in Note E, the Hospital issued the 2003 Bonds in part for the purposes of funding significant renovations to the Hospital facility. The Hospital also solicited donations to supplement the funding of this project. During 2013, approximately \$804,000 was released from these temporarily restricted donations for the purpose of funding principal payments on the 2003 Bonds; no such amounts were released in 2012.

Net assets released from restrictions related to fundraising activities were approximately \$1,016,000 and \$1,181,000, respectively, for the years ended June 30, 2013 and 2012.

At June 30, 2013 and 2012, permanently restricted net assets of \$16,166,400 and \$16,033,467, respectively, are held as endowments. The principal of the endowments will be held to perpetuity consistent with donor restrictions. Income from the endowments is expendable to support healthcare services or to purchase equipment for the operation of the Hospital.

The Hospital has adopted investment policies for endowment assets which attempt to preserve capital, maximize the return within reasonable and prudent levels of risk, and provide a return to the restricted funds. Endowment assets are invested in a manner that is intended to produce results that exceed the initial recorded value of the investment and yield a targeted long-term rate of return while assuming a moderate level of investment risk.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE F--TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS - Continued

Changes in endowment net assets for the years ended June 30, 2013 and 2012 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2011	\$ 1,606,151	\$ 15,978,655	\$ 17,584,806
Investment earnings:			
Interest and dividend income, net of fees	401,561	-	401,561
Net realized/unrealized gains on investments	284,387	-	284,387
Total investment earnings	685,948	# :	685,948
Contributions	76,585	54,812	131,397
Appropriation of endowment assets for expenditure	(89,024)		(89,024)
Endowment net assets, June 30, 2012	2,279,660	16,033,467	18,313,127
Investment earnings:			
Interest and dividend income, net of fees	578,166	<u> </u>	578,166
Net realized/unrealized gains on investments	1,596,839		1,596,839
Total investment earnings	2,175,005	¥	2,175,005
Contributions	34,462	132,933	167,395
Appropriation of endowment assets for expenditure	(136,991)		(136,991)
Endowment net assets, June 30, 2013	\$ 4,352,136	\$ 16,166,400	\$ 20,518,536

NOTE G--NET PATIENT SERVICE REVENUE

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the accompanying Consolidated Statements of Operations and Changes in Net Assets is as follows for the years ended June 30:

	_	2013	 2012
Inpatient service charges	\$	222,826,251	\$ 216,304,313
Outpatient service charges	-	232,950,246	212,546,199
Gross patient service charges		455,776,497	428,850,512
Less:			
Estimated contractual adjustments		244,248,354	224,177,217
Charity care		962,359	1,131,609
Estimated provision for bad debts		3,691,343	4,110,085
	-	248,902,056	 229,418,911
Net patient service revenue	\$	206,874,441	\$ 199,431,601

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE G-NET PATIENT SERVICE REVENUE - Continued

Patient service revenue, net of contractual allowances is composed of the following for the years ended June 30:

1	2013		2012
\$	206,504,403	\$	200,217,951
(4,061,381		3,323,735
\$	210,565,784	\$	203,541,686
	\$	\$ 206,504,403 4,061,381	\$ 206,504,403 \$ 4,061,381

Patient deductibles and copayments under third-party payment programs are included within the patient amounts above.

Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not paid or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financial responsible. The difference between rates and the amounts actually collected after all reasonable collections efforts have been exhausted is charged against the allowance for uncollectible accounts.

Estimated allowances for uncollectible accounts decreased approximately \$3,520,000 during the year ended June 30, 2013. The decrease is consistent with an 11% decline in gross patient accounts receivable.

During the years ended June 30, 2013 and 2012, net patient service revenue of approximately \$16,127,000 and \$15,203,000, respectively, net of related physician fees of approximately \$17,239,000 and \$17,966,000, respectively, is included in professional fees and services in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--THIRD-PARTY REIMBURSEMENT

The Hospital has agreements with various third-party payers that provide for payments to the Hospital at amounts different from established rates. The difference between the Hospital's rates and the estimated payments from third-party payers is recorded as a contractual allowance. Net patient service revenue and the related accounts receivable have been adjusted to the estimated amounts that will be received under third-party payer arrangements.

Amounts earned under certain of these contractual arrangements are subject to review and final determination by various program intermediaries and appropriate governmental authorities or their agents. Management believes that adequate provision has been made for any adjustments which may result from such reviews.

A summary of the payment arrangements with major third-party payers is as follows:

TennCare: Reimbursement under the State of Tennessee's Medicaid waiver program (TennCare) for inpatient and outpatient services is administered by various managed care organizations. TennCare reimbursement for inpatient and outpatient services is based upon diagnosis related group assignments, a negotiated per diem or a fee schedule basis. The Hospital also receives additional distributions from the State of Tennessee under the TennCare Essential Access program and other programs designed to provide supplemental funding for services provided to TennCare patients. Future distributions under these programs are not guaranteed. The amount recognized totaled approximately \$4,460,000 and \$2,131,000, respectively, in 2013 and 2012. The estimated payable to third-party payers, net in the accompanying Consolidated Balance Sheets at June 30, 2013 and 2012 includes approximately \$2,800,000 and \$1,096,000, respectively, related to supplemental funding which is subject to audit by the State of Tennessee and will be recognized when the Hospital's eligibility to receive such funding is confirmed. In addition, during 2013 the Hospital recognized approximately \$2,415,000 from the TennCare Medicaid Provider Incentive Program related to the implementation and meaningful use of electronic medical records as provided by the Health Information Technology for Economics and Clinical Health (HITECH) act. Such payments are included within other operating revenue in the accompanying 2013 Consolidated Statement of Operations and Changes in Net Assets and are not guaranteed in future periods.

Effective, July 1, 2010, hospital providers in the State of Tennessee are subject to an annual assessment based upon a percentage of net patient revenue. The provider payments are matched with available federal funds and used to make payments back to providers. In fiscal years 2013 and 2012, assessments paid by the Hospital of approximately \$5,804,000 and \$5,801,000, respectively, were completely offset by payments received from the State of Tennessee. As such, no net amounts related to these assessments have been recognized in the accompanying Consolidated Statements of Operations and Changes in Net Assets.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE H--THIRD-PARTY REIMBURSEMENT - Continued

Other: The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

NOTE I--RETIREMENT PLAN

The Hospital sponsors a 403(b) plan (the 403(b) Plan) which is funded solely by employees' contributions. The Hospital does not make any discretionary or matching contributions into the 403(b) Plan. In addition, the Hospital has a defined contribution plan (the Plan) under which the Hospital contributes from 2% to 4% of each eligible employee's salary, based on the employee's length of service. The contribution is limited to the first \$250,000 of salary in each plan year. The Hospital also contributes to the Plan one-half of each employee's contributions to the 403(b) Plan, limited to two percent of eligible employee's salary each plan year. Employees are eligible to participate in the Plan after completion of one year of service in which the employee is credited with 1,000 hours of service and the employee has attained age 21. Contributions related to the Plan totaled approximately \$3,214,000 and \$2,843,000 in 2013 and 2012, respectively. The Hospital also sponsors a 457(f) plan for certain key executives and physician employees.

Notes Receivable and Other in the Consolidated Balance Sheets at June 30, 2013 and 2012 includes approximately \$1,305,000 related to the Hospital's portion of benefits recoverable upon the death of individuals participating in a previous secured executive benefit program. The Hospital did not make any contributions into this program during 2012 or 2013 and the Hospital is not required to make any future contributions into this program.

NOTE J--RELATED PARTY TRANSACTIONS

The Hospital has entered into transactions with entities affiliated with certain members of the Board of Directors including transactions to renovate Hospital facilities and provide professional services, including investment management. Professional and other fees associated with Board members totaled approximately \$2,402,000 and \$1,381,000 in 2013 and 2012, respectively. Board members refrain from discussion and abstain from voting on transactions with entities with which they are related.

Children's West Surgery Center (the Center): During 2000, the Hospital entered into a joint venture with a group of physicians to develop and operate a pediatric outpatient surgery center. Ownership is shared equally among the Hospital and physicians.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE J--RELATED PARTY TRANSACTIONS - Continued

Unaudited, condensed financial information of the Center is as follows as of June 30, 2013 and for the six-month period then ended:

Assets	\$ 2,256,253
Equity	\$ 2,117,011
Net gain	\$ 1,239,563

NOTE K--COMMITMENTS AND CONTINGENCIES

Insurance: The Hospital maintains general and professional liability insurance through a commercial insurance company. The general and professional liability insurance policies have \$1,000,000 per claim coverage with an aggregate maximum coverage of \$3,000,000 per annum, after a deductible of \$100,000 per claim and an aggregate annual deductible of \$700,000. In addition, the Hospital maintains an umbrella liability policy in the amount of \$20,000,000. The policy coverages are on a claims-made basis. As part of the insurance plan, the Hospital is required to hold a \$300,000 letter of credit for the benefit of the insurance company. This letter of credit was unused as of June 30, 2013.

At June 30, 2013, the Hospital is involved in litigation relating to medical malpractice arising in the ordinary course of business. There are also known incidents occurring through June 30, 2013 that may result in the assertion of additional claims, and other unreported claims may be asserted arising from services provided in the past. Hospital management has estimated and accrued for the cost of asserted claims based on historical data and legal counsel advice. No accrual for claims incurred but not reported is recorded in the accompanying consolidated financial statements as management is not able to estimate such amounts.

The Hospital also maintains worker's compensation insurance through a commercial carrier. The policy has a \$250,000 per occurrence and a \$1,200,000 aggregate annual deductible. The Hospital is required to hold a \$450,000 letter of credit for the benefit of the insurance company. This letter of credit was unused as of June 30, 2013. Hospital management has estimated and accrued for the cost of asserted claims based on historical data. No accrual for claims incurred but not reported is recorded in the accompanying consolidated financial statements as management is not able to estimate such amounts.

Employee Benefits: The Hospital is self-insured for health claims under a health insurance program and has purchased reinsurance for individual claims exceeding \$150,000 annually. Claims payable, as well as management's estimate for claims incurred but not reported is included as part of accounts

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE K--COMMITMENTS AND CONTINGENCIES - Continued

payable and accrued expenses in the accompanying Consolidated Balance Sheets. At June 30, 2013 and 2012, no amounts were recoverable from the reinsurance carrier.

Physician Agreements: The Hospital enters into contractual relationships with physician practices to provide services to the community. Under the contracts, the Hospital has committed to provide advances to certain practices in various amounts. Certain of the contracts contain provisions that payments of the advances will be forgiven if the physicians continue to practice pediatric medicine in the community for specified terms. Further, upon termination of the contract for specified reasons, certain of the agreements require the Hospital to purchase professional liability tail coverage for the physician. Management estimates that the Hospital's liability related to purchasing the professional liability tail coverage is not significant as of June 30, 2013.

Compliance: The ever increasing compliance requirements placed on hospitals in general and the current implementation of the new Stark regulations in particular have far-reaching consequences. This has resulted in new initiatives by the Hospital to review and strengthen compliance requirements. The Board of Directors has a standing compliance committee which has been actively involved with management in reviewing all physician related contracts. In addition, the Hospital employs, as part of the management team, a Vice President for Legal Services and General Counsel. This individual is responsible for several areas, including compliance, contract coordination, and risk management. In addition to these compliance initiatives, management and the Board have adopted a vision, Leading the Way to Healthy Children, and have adopted a strategic plan that will guide the efforts of the Hospital over the next five years.

Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

In March 2010, Congress adopted comprehensive healthcare insurance legislation, *Patient Care Protection and Affordable Care Act* and *Health Care and Education Reconciliation Act*. The legislation, among other matters, is designated to expand access to coverage to substantively all citizens by 2019 through a combination of public program expansion and private industry health insurance. Changes to existing TennCare and Medicaid coverage and payments are also expected to occur as a result of this legislation. Implementing regulations are generally required for these legislative acts, which are to be adopted over a period of years and, accordingly, the specific impact of any future regulations is not determinable.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE L-CONCENTRATION OF CREDIT RISK

The Hospital is located in Knoxville, Tennessee and the Hospital grants credit without collateral to its patients, most of who are local residents insured under third-party payer agreements. Admitting physicians are primarily practitioners in the local area. Approximately 89% of the consolidated entity's net patient service revenue is related to the operations of the acute care hospital in 2013 and 2012.

A significant portion of the Hospital's support is related to contributions and other support from the local community. As such, the Hospital has a concentration of risk related to these contributions.

The mix of gross receivables from patients and third-party payers are as follows as of June 30:

	2013	2012
TennCare	44%	58%
Medicaid	4%	5%
Commercial and other	49%	34%
Patients	3%	3%
	100%	100%

The Hospital maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the Hospital may maintain bank account balances in excess of the FDIC insured limit. Management believes the credit risk associated with these deposits is not significant.

The Hospital routinely invests its surplus operating funds in investment vehicles as listed in Note C. Investments in marketable equity securities, corporate debt, municipal bonds and money market funds are not insured or guaranteed by the U.S. government; however, management believes that credit risk related to these investments is minimal.

NOTE M--INCOME TAXES

Primary Care and CIK account for income taxes under the provisions of ASC 740, *Income Taxes*, As of June 30, 2013, Primary Care has net operating loss carryforwards for federal and state income tax purposes of approximately \$31,300,000 related to operating losses generated in the current and prior years which expire in years 2013 through 2031. The net operating loss carryforwards may be offset against future taxable income to the extent permitted by the Internal Revenue Code and Tennessee Code Annotated. Deferred income taxes reflect the net tax effects of temporary

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE M--INCOME TAXES - Continued

differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The components of Primary Care's deferred taxes at June 30, 2013 and 2012 consist of deferred tax assets of approximately \$4,703,000 and \$4,418,000, respectively, related to net operating loss carryforwards. Primary Care has established a valuation allowance which completely offsets all recorded deferred tax assets at June 30, 2013 and 2012. The valuation allowance of Primary Care increased by approximately \$285,000 in 2013, due primarily to the 2013 net operating loss. The Hospital did not recognize any income tax expense or benefit related to Primary Care in the years ending June 30, 2013 and 2012.

NOTE N--OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION

The Hospital does not present expense information by functional classification because its resources and activities are primarily related to providing healthcare services. Further, since the Hospital receives substantially all of its resources from providing healthcare services in a manner similar to business enterprise, other indicators contained in these consolidated financial statements are considered important in evaluating how well management has discharged their stewardship responsibilities.

NOTE O--FAIR VALUE MEASUREMENT

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 Inputs based on quoted market prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted
 prices for similar assets and liabilities in active markets; quoted prices for identical or similar
 assets and liabilities in markets that are not active; or other inputs that are observable or can
 be corroborated by observable market data.
- Level 3 Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the instrument's valuation.

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE O--FAIR VALUE MEASUREMENT - Continued

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Hospital's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded on a recurring basis (assets) and non-recurring basis (long-term debt) at fair value or disclosed at fair value as of June 30, 2013 and 2012:

	J	une 30, 2013		Level 1	 Level 2		Level 3	
Marketable equity securities	\$	53,130,254	\$	53,130,254	\$ -	\$		*
U.S. government securities		6,686,678		6,686,678	12			÷
U.S. agency securities		16,973,150		8	16,973,150			**
Corporate debt securities		45,387,600		-	45,387,600			
Municipal bond securities		10,976,168			10,976,168			-
Cash equivalents		11,135,475		11,135,475	 			-
Total assets	\$	144,289,325	\$	70,952,407	\$ 73,336,918	\$		_
Fair value of long-term debt	\$	40,262,000	\$	(-	\$ 40,262,000	\$		-
	Ju	ine 30, 2012		Level 1	Level 2		Level 3	
Marketable equity securities	\$	36,869,503	\$	36,869,503	\$ -	\$		-
U.S. government securities		3,730,652		3,730,652	(144)			_
U.S. agency securities		15,895,794		-	15,895,794			•
Corporate debt securities		29,669,503		300	29,669,503			¥
Municipal bond securities		4,466,904		140	4,466,904			40
Cash equivalents	***************************************	8,058,257		8,058,257				***
Total assets	S	98,690,613	\$	48,658,412	\$ 50,032,201	\$		_
	-	7 - 7 - 7	-	10,000,112	 00,002,201	_		-

NOTE P--SUBSEQUENT EVENT

In August 2013, the Hospital issued a \$37,465,000 fixed rate tax-exempt Hospital Revenue Refunding Bond (2013 Bond) through The Health, Educational and Housing Facility Board of the

Notes to Consolidated Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE P--SUBSEQUENT EVENT - Continued

County of Knox County, Tennessee. The proceeds from the 2013 Bond will be used to refinance the 2003 Bonds. The 2013 Bond matures in July 2033 and is subject to acceleration of the maturity date, at the option of the purchaser, in July 2023.

Attachment C, Contribution to the Orderly Development of Health Care-7(c) Board for Licensing Health Care Facilities License

Board for Licensing Health Care Facilities



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DEPARTIMENT OF HEALTH

State Department of Health to	to conduct and maintain a
the the	41
This is to certify, that a license is hereby granted by the State Department of	EAST TENNESSEE CHILDREN'S HOSPITAL ASSOCIATION, INC.
	0

EAST TENNESSEE CHILDREN'S HOSPITAL	2018 CLINCH AVENUE, KNOXVILLE
Hospital	Docated at

, Tennessee.

Country of

2014 , and is subject laws of the State of Tennessee or the rules and regilations of the State Department of Health, issued thereunder. to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Fealth, for failure to comply with the In Witness Mereof, we have hereunto set our hand and seal of the State this 30TH day of JUNE In the Distinct Galegory/ies/ of: PEDIATRIC HOSPITAL This license shall extine



DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

Attachment C, Contribution to the Orderly Development of Health Care-7(d) Inspection Report Plan of Correction



STATE OF TENNESSEE DEPARTMENT OF HEALTH

OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

May 18, 2009

Keith Goodwin, Administrator East Tennessee Children's Hospital 2018 Clinch Avenue Knoxville TN 37916

Dear Mr. Goodwin:

The East Tennessee Regional Office of Health Care Facilities conducted a licensure survey at your facility on March 16-18, 2009. On April 2, 2009, an acceptable Plan of Correction was received in this office

A revisit was completed May 11, 2009, to verify that your facility has achieved and maintained compliance. Based on our revisit, we found that your facility has demonstrated compliance with the deficiencies cited.

If you have any questions, please contact the East Tennessee Regional office at (865) 588-5656.

Sincerely,

Faye Vance, R.N , B S., M S N.

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Public Health Nurse Consultant Manager

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POST-LICENSURE REVISIT REPORT NUMBER

HOSPITO TOPS

IAME OF FACILITY

STREET ADDRESS, CITY, STATE, ZIP CODE

2018 Climbia and 3.79/b

This report is completed by a qualified State surveyor for the Tennessee Licensure programs, to

This report is completed by a qualified State surveyor for the Tennessee Licensure programs, to show those deficiencies previously reported on the Licensure Statement of Deficiencies and Plan of Correction, that have been corrected and the date such corrective action was accomplished. Each deficiency should be fully identified using the regulation number previously shown on the Licensure Statement of Deficiencies and Plan of Correction Form. If all deficiencies are not corrected, the surveyor should check the block at the bottom right of this form indicating the need for the completion of the Licensure-E, Summary of Deficiencies Not Corrected.

ITE.M	DATE	ITEM	DATE	ITEM	DATE
1200-8-1-08(1)	Correction Completed	1200-8-1-08(3)	Correction Completed	1200-8-1-08(2	
	5/11/09		5/4/09		5/11/09
1200-8-1-09(2)	Correction Completed	1200-8-1-19(1)	Correction Completed	1200	Correction &
	5/11/05	M TO	5/11/09		
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3-	17-09	FSS	> I		-
:rm Licensure-3 R-3151 :CF 5/88		- Maria de la composition della composition dell		ATTACHED LIC Y UNCORRECTED	
May A15		over terrer a	#:	- ()	



STATE OF TENNESSEE DEPARTMENT OF HEALTH

OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGIONAL OFFICE
5904 LYONS VIEW PIKE, BLDG 1
KNOXVILLE, TENNESSEE 37919



23 March 2009

Keith Goodwin, Administrator East Tennessee Children's Hospital 2018 Clinch Avenue Knoxville TN 37916

Dear Mr. Goodwin:

Enclosed is a Statement of Deficiencies which was developed as a result of the annual licensure survey conducted at your facility on March 16-18, 2009. Corrective action must be achieved prior to May 2, 2009, the 45th day from the date of survey. A revisit may be conducted to verify compliance.

Please develop a Plan of Correction for the deficiencies cited and return by April 2, 2009. Failure to provide an acceptable plan of correction by April 2, 2009, could result in a referral to the Board of Licensing Health Care Facilities for whatever action they deem appropriate.

Your POC must contain the following:

- What corrective action(s) will be accomplished for those residents found to have been affected by the deficient practice;
- How you will identify other residents having the potential to be affected by the same deficiency practice
 and what corrective action will be taken;
- What measures will be put into place or what systemic changes you will make to ensure that the deficient practice does not recur; and,
- How the corrective action(s) will be monitored to ensure the deficient practice will not recur; i.e., what quality assurance program will be put into place.

In the column "Completion Date" of the State Form 2567, list the date corrective actions have been or will be completed. Please make sure the administrator's signature and date are on the bottom line of the state form 2567.

If you have any questions, please contact this office at (865) 588-5656 or by fax at (865) 594-5739.

Sincerely,

Faye Vance, R.N., B.S., MSN.

Public Health Nurse Consultant Manager

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FV / dim

Enclosure: Statement of Deficiencies

FORM APPROVED Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY AND PLAN OF CORRECTION IDENTIFICATION NUMBER: COMPLETED A BUILDING B WING TNP53141 03/18/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PROVIDER'S PLAN OF CORRECTION (EACH DEFICIENCY MUST BE PRECEDED BY FULL (X5) COMPLETE PREFIX **PREFIX** (EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG CROSS-REFERENCED TO THE APPROPRIATE DATE DEFICIENCY) H 643 1200-8-1- 06 (3)(g) Basic Hospital Functions H 643 (3) Infection Control. (g) The facility and its employees shall adopt and utilize standard precautions (per CDC) for preventing transmission of infections, HIV, and communicable diseases, including adherence to a hand hygiene program which shall include: 1. Use of alcohol-based hand rubs or use of non-antimicrobial or antimicrobial soap and water before and after each patient contact if hands are not visibly soiled; 2. Use of gloves during each patient contact with blood or where other potentially infectious materials, mucous membranes, and non-intact skin could occur and gloves changed before and after each patient contact: 3. Use of either a non-antimicrobial soap and water or an antimicrobial soap and water for visibly soiled hands; and Health care worker education programs which may include: (i) Types of patient care activities that can result in hand contamination; (ii) Advantages and disadvantages of various methods used to clean hands; (iii) Potential risks of health care workers ' colonization or infection caused by organisms acquired from patients; and

ivision of Health/Care Facilities

DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

(iv) Morbidity, mortality, and costs associated with health care associated infections.

TITLE

(X6) DATE 7)

Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A BUILDING B WING TNP53141 03/18/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE, ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 PROVIDER'S PLAN OF CORRECTION SUMMARY STATEMENT OF DEFICIENCIES (X4) ID (X5) COMPLETE (EACH CORRECTIVE ACTION SHOULD BE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PRÉFIX PREFIX CROSS-REFÉRENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG DEFICIENCY) H 643 Continued From page 1 H 643 This Rule is not met as evidenced by: Based on observation, facility policy review, and interview, the facility failed to ensure infection control practices were maintained in the Emergency Department (ED), the Neonatal Intensive Care Unit (NICU), and the Pediatric Intensive Care Unit (PICU) The findings included: Observation, at the nurse's station in the ED, on H643 - Staff education and remediation on Hand 05/02/09 March 16, 2009, at 2:10 p.m., revealed Hygiene and Infection Control Standards is being Registered Nurse (RN) #2, with ungloved hands, communicated to all staff via electronic carrying a specimen container filled with urine. communication Biohazard bags have been placed in RN #2 picked up a medical record; removed a patient rooms, so that labeled specimens can be placed in the bag and carried from the room Proper self adhesive patient identification sticker from handwashing before leaving the patient room has the medical record; placed the sticker on the been reinforced ED Management Team members specimen container, and placed the specimen will be rounding and observing these practices during container in a biohazard bag. Interview, at the each scheduled shift. Findings will be documented on nurse's station of the ED, on March 16, 2009, at Rounding sheets and reviewed monthly with follow up 2:10 p m, with RN #2, confirmed the specimen for outliers container filled with urine was to be placed in a biohazard bag prior to removing the container H643 - Staff education and remediation regarding 05/02/09 from the patient room; and the hands were to be hand hygiene and Infection Control Standards and washed prior to exiting the patient room. appropriate use and disposal of PPE, as well as proper sequence managing patient care activities (i e clean to dirty) is being shared with staff Supplies, including lancet and pipettes, will be placed on soft net Observation, in the NICU, on March 17, 2009, at or sterile 2 X 2 instead of placing on surface of 10:45 a m, revealed RN #3, with gloved hands, bedside table QI will be done by anonymous obtained and placed pipettes and a lancet from observation on a weekly basis: In addition, NICU the bedside drawer on top of the uncovered management will be rounding and observing these bedside table; removed a soiled dressing from practices during each scheduled shift Staff will also the foot of an infant; picked up the lancet and participate in QI of their own practice during each pierced the left heel of the infant; picked up the scheduled shift. QI will be monitored weekly until pipettes and obtained blood from the heel of the three consecutive months of compliance at 100% recorded At that time, QI will be moved to a monthly infant; picked up and placed a cotton ball on the heel of the infant; obtained a roll of tape from the

Division of Health Care Facilities (X3) DATE SURVEY STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION COMPLETED AND PLAN OF CORRECTION **IDENTIFICATION NUMBER:** A. BUILDING B. WING TNP53141 03/18/2009 STREET ADDRESS CITY STATE ZIP CODE NAME OF PROVIDER OR SUPPLIER 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X4) ID ID COMPLETE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (EACH CORRECTIVE ACTION SHOULD BE PRÉFIX DATE CROSS-REFERENCED TO THE APPROPRIATE TAG REGULATORY OR LSC IDENTIFYING INFORMATION) TAG DEFICIENCY) H 643! Continued From page 2 H 643 bedside drawer; and taped the cotton ball in place on the heel of the infant RN #3 then removed the gloves from the hands. Interview, in the NICU, on March 17, 2009, at 10:45 a.m., with RN #3, confirmed the bedside table was not cleansed before the procedure; the gloves were not removed and hands washed/sanitized after removing a soiled dressing; and the gloves were not changed and hands not washed/sanitized between clean and dirty activities Observation, in the PICU, on March 17, 2009, at H643 - Staff education and remediation regarding 05/02/09 hand hygiene, Infection Control Standards and 9:10 a.m., revealed RN #5, with gloved hands, appropriate use and disposal of PPE, as well as changed an infant's soiled diaper; and without proper sequence managing patient care activities (i e removing the soiled gloves, placed a pacifier in clean to dirty) Appropriate hand cleaner dispensers the infant's mouth and wiped the infant's eves. are at all bedsides in the unit QI will be done by an RN #5 then removed the gloves, and without anonymous observation on a weekly basis In washing the hands, handled the infant's medical addition. PICU management will be rounding and record, handled a writing pen, and touched the observing these practices during each scheduled shift drawers to the bedside table. Staff will also participate by the expectation that they Interview, in the PICU, on March 17, 2009, at QI their own practice during each scheduled shift 9:10 a.m., with RN #5, confirmed the soiled Ongoing data collection with weekly reporting consideration will be given for monthly reporting after gloves were to be removed and the hands a three-month compliance rate of 100% washed/sanitized after changing the soiled diaper and before placing the pacifier in the infant's mouth and wiping the infant's eyes; and the hands were to be washed/sanitized after the removal of the gloves. Review of facility policies revealed "IC (infection control): Isolation, General Principles.. hand washing is the single most important means of preventing the spread of infection. Gloves do not replace the need for good hand washing..." and "Management of hand hygiene regulation for hand washing disinfection to decrease the spread of micro-organisms...provide personnel with efficacious hand-hygiene products products

6899

FORM APPROVED Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION IDENTIFICATION NUMBER: COMPLETED A. BUILDING B WING TNP53141 03/18/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 (X5) COMPLETE SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X4) ID ID PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL (EACH CORRECTIVE ACTION SHOULD BE PREFIX CROSS-REFERENCED TO THE APPROPRIATE TAG REGULATORY OR LSC IDENTIFYING INFORMATION) DATE TAG DEFICIENCY) H 643 | Continued From page 3 H 643 used before and after patient care in clinical areas " H 676 1200-8-1-.06 (4)(c) Basic Hospital Functions H 676 (4) Nursing Services (c) The nursing service must have adequate numbers of licensed registered nurses, licensed practical nurses, and other personnel to provide nursing care to all patients as needed There must be supervisory and staff personnel for each department or nursing unit to ensure, when needed, the immediate availability of a registered nurse for bedside care of any patient. This Rule is not met as evidenced by: Based on medical record review and interview. the facility failed to assess vital signs prior to a procedure for one (#8) of nineteen patients reviewed. The findings included: H676 - Staff education will be provided regarding Patient #8 was admitted to the facility on March 05/02/09 policy of documenting patient assessment within an 16, 2009, for a Bone Marrow Biopsy. Medical appropriate time frame prior to administration of record review of the Sedation Record dated sedation Pre-procedure vital signs will be added to March 16, 2009, revealed a 'Pre-Procedure' the Sedation Quality Management form and monitored section with written direction to obtain vital signs on a monthly basis. Clinic staff will complete a within 5 minutes of the procedure Medical sedation QI form at the end of each work day and record review of the section for heart rate. tabulate weekly for three months and then monthly respiratory rate, blood pressure, level of consciousness, and oxygen saturation, revealed written, "UTA anxiety!" Interview with the Nurse Manager of Outpatient Clinics on March 17, 2009, verified 'UTA' is an acronym for 'unable to

obtain.' Continued interview with the Nurse Manager confirmed the facility failed to obtain vital signs per policy prior administration of

Division of Health Care Facilities (X3) DATE SURVEY STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION COMPLETED AND PLAN OF CORRECTION **IDENTIFICATION NUMBER:** A BUILDING B WING 03/18/2009 TNP53141 STREET ADDRESS CITY STATE ZIP CODE NAME OF PROVIDER OR SUPPLIER 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 PROVIDER'S PLAN OF CORRECTION (X4) ID PREFIX (X5) COMPLETE SUMMARY STATEMENT OF DEFICIENCIES (EACH CORRECTIVE ACTION SHOULD BE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX CROSS-REFERENCED TO THE APPROPRIATE DATE TAG REGULATORY OR LSC IDENTIFYING INFORMATION) DEFICIENCY) H 676 H 676 Continued From page 4 sedation for the procedure. H 678 1200-8-1- 06 (4)(e) Basic Hospital Functions H 678 (4) Nursing Services. (e) A registered nurse must assess, supervise and evaluate the nursing care for each patient. This Rule is not met as evidenced by: Based on medical record review and interview, the facility failed to ensure assessments were documented as required for a patient in restraints for one (#12) of nineteen patient reviewed. The findings included: Patient #12 was admitted to the facility on March H678 - Staff re-education regarding the appropriate 05/02/09 3, 3009, with diagnosis of Respiratory Distress. documentation for restraint application and assessment, via certified email In order to best Medical record review revealed the patient had remind staff to document the assessment process an Endotracheal tube (for breathing); intravenous every two hours, the intervention for reassessment for tubes (to administer fluids/medications); a restraints will be electronically added to the regular feeding tube (to provide nourishment); and drains PICU assessment screen Staff will be prompted to (to provide an outlet for bodily fluids). Medical document the restraint status and assessment at each record review revealed the patient required the regular patient assessment interval QI monitoring will use of bilateral hand restraints to prevent the be weekly, with consideration for monthly reporting patient from dislodging the tubes. Medical record given after a three-month period of 100% compliance review revealed the restraints were in use beginning on March 3, 2009, at 1:30 p.m., and continued through March 13, 2009, at 4:48 p m Medical record review revealed the every two hour nursing assessments were not documented as follows: March 7, 2009, from 2:20 a m. until 8:00 a m. (6 hours); March 8, 2009, from 12:34 p.m. until 4:00 p.m. (3 1/2 hours); and March 9, 2009, from 12:30 a m until 4:00 a.m. (3 1/2 hours) Interview, at the Pediatric Intensive Care Unit

6899

Division of Health Care Facilities (X3) DATE SURVEY STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION COMPLETED AND PLAN OF CORRECTION **IDENTIFICATION NUMBER:** A BUILDING B WING 03/18/2009 TNP53141 STREET ADDRESS CITY STATE ZIP CODE NAME OF PROVIDER OR SUPPLIER 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 (X5) COMPLETE DATE SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (EACH DEFICIENCY MUST BE PRECEDED BY FULL (EACH CORRECTIVE ACTION SHOULD BE PREFIX PREFIX CROSS-REFERENCED TO THE APPROPRIATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) H 678 Continued From page 5 H 678 (PICU) nurse's station, on March 17, 2009, at 9:50 a.m., with the PICU Manager and the Director of the Emergency Department, confirmed the facility policy for nursing assessment every two hour for restraint use was not followed. H 683 1200-8-1- 06 (4)(j) Basic Hospital Functions H 683 (4) Nursing Services. (j) All drugs, devices and related materials must be administered by, or under the supervision of, nursing or other personnel in accordance with federal and state laws and regulations, including applicable licensing requirements, and in accordance with the approved medical staff policies and procedures. This Rule is not met as evidenced by: Based on observation, manufacturer's recommendations, and interview, the facility failed to ensure emergency equipment in the Radiology Department; and failed to ensure intravenous and irrigation fluids, infant formula, and cereal in the Emergency Department (ED), available for patient use, were monitored to ensure equipment was ready for use or not available beyond the expiration date The finding included: Observation, in the Radiology Department H683 - The emergency cart check will be done at the 03/18/09 Moderate Sedation prep room, on March 16. end of each day The Radiology Director will confirm 2009, at 8:55 a.m., revealed the Emergency Cart weekly that the cart checks are being done Equipment Checklist, dated March 2009, had no documentation the equipment had been checked since March 4, 2009 (16 days).

Division of Health Care Facilities (X3) DATE SURVEY STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION COMPLETED AND PLAN OF CORRECTION IDENTIFICATION NUMBER: A BUILDING B WING 03/18/2009 TNP53141 STREET ADDRESS CITY STATE ZIP CODE NAME OF PROVIDER OR SUPPLIER 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION COMPLETE (EACH DEFICIENCY MUST BE PRECEDED BY FULL (EACH CORRECTIVE ACTION SHOULD BE PREFIX PREFIX CROSS-REFERENCED TO THE APPROPRIATE DATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) H 683 Continued From page 6 H 683 Interview, in the Radiology Department Moderate Sedation prep room, on March 16, 2009, at 8:55 a.m., with the Director of the Radiology Department, confirmed the equipment was to be checked daily. H683 - Staff education and awareness of the situation 05/02/09 Observation, in the ED Fast Track supply area, with expired formula in the department was on March 17, 2009, at 1:00 p.m., revealed the communicated via electronic communication. In following expired infant formula: one 2 oz bottle addition to Food Services' routine check of stocked (named) formula - dated January 1, 2009; two 2 formula supplies, the ED will now add these materials oz bottles (named) infant formula - dated March to the routine checks done monthly in the department 1, 2009; six 3 oz bottles (named) sterile water -ED management will monitor for compliance with dated November 12, 2008. these checks by spot-checking formula dates on the Interview, in the ED Fast Tract supply area, on 15th of each month March 17, 2009, at 1:00 p m., with the Director of the ED, confirmed the infant formula was available for patient use and had expired Observation, in the ED, on March 17, 2009, at H683 - A policy using the manufacturer's 05/02/09 recommendations for warming and storage of fluids 1:30 p.m., revealed the warmer contained the was completed and forwarded to Pharmacy for review following: one 1000 ml bottle (named) sodium on 3/24/09 Staff education on warmed fluids and unit chloride for irrigation - undated; one 500 ml bottle procedures for rotating fluids will be completed. The (named) bottle sodium chloride for irrigation warmer will be checked for safe temperature daily undated; three 500 ml bags of (named) sodium The warmer will be checked for outdated fluids on the chloride intravenous fluids (IVF) - undated; one 1st and 15th of each month ED management will 500 ml bag sodium chloride IVF - dated February monitor the warmer check log for compliance with the 27, 2009 (18 days); and one 500 ml bag (named) outlined plan dextrose 5 lactated ringers - dated February 2, 2009 (43 days). Review of manufacturer's recommendations revealed " Solutions for injection and irrigation . may be warmed...for a period no longer than two weeks (14 days)... Interview, in the ED, on March 17, 2009, at 1:30 p.m., with the Director of the ED, confirmed the solutions were available for patient use and were to be dated and removed within 14 days of being placed in the warmer.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:			(X2) MULTIPLE CONSTRUCTION A BUILDING		(X3) DATE SURVEY COMPLETED		
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	cabinet of the Urger 2009, at 2:10 p.m, infant oatmeal ceres May 17, 2007	ereal was available fo	ch 17, amed) date of at 2:10 ned the	i di	H683 - Staff education and awareness of with expired formula in the department w communicated via electronic communica addition to Food Services' routine check formula supplies, the ED will now add the to the routine checks done monthly in the ED management will monitor for compliant these checks by spot-checking formula data.	as tion. In of stocked ase materials department nce with	05/0209
				¥ 122	4. 5		
. Н 703	1200-8-106 (5)(k)5	. Basic Hospital Fun	ctions	H 703			
68.	(5) Medical Records (k) All records must	8	ving:		# s*		2
	5 Properly execute for procedures and thospital policy, or by applicable, as require	federal or state law	by if			_	
to a		E ₂		8 10			
	This Rule is not met Based on medical re the facility failed to e consent was obtaine sedation for one pati reviewed	cord review and intensure a properly exe d prior to treatment a	cuted and				
	The findings included	d:	1		8		
	Patient #5 was admit "VCU (bladder visual an outpatient radiolog record review reveale Versed (sedative) 8.5 2009, at 8:32 a.m. M form "General Conse Treatment" revealed	ted on March 16, 20 ization) with sedation by procedure. Medic ed the patient received mg by mouth on Maledial record review on to Hospital and/or	n" as cal	All and a second	H703 - All consents for treatment are confito any procedure. A statement for checkin consent has been obtained will be added to procedure screening of the Anxiolysis Asse and Orders Policy. The Radiology Director monitor weekly on a sample basis.	g that the o the pre-	03/19/09

Division of Health Care Facilities (X3) DATE SURVEY STATEMENT OF DEFICIENCIES (X2) MULTIPLE CONSTRUCTION (X1) PROVIDER/SUPPLIER/CLIA COMPLETED AND PLAN OF CORRECTION IDENTIFICATION NUMBER: A BUILDING B. WING 03/18/2009 TNP53141 STREET ADDRESS CITY STATE ZIP CODE NAME OF PROVIDER OR SUPPLIER 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 PROVIDER'S PLAN OF CORRECTION SUMMARY STATEMENT OF DEFICIENCIES (X4) ID (EACH CORRECTIVE ACTION SHOULD BE COMPLETE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PRÉFIX DATE CROSS-REFERENCED TO THE APPROPRIATE TAG REGULATORY OR LSC IDENTIFYING INFORMATION) TAG DEFICIENCY) H 703 Continued From page 8 H 703 for treatment, diagnostic procedures, and anesthesia had not been signed. Interview, in the Radiology Sedation Suite, on March 16, 2009, at 9:20 a.m., with Registered Nurse (RN) #4, confirmed the RN had not checked the consent form to ensure authorization for the procedure and sedation had been signed. H 708 H 708 1200-8-1-.06 (6)(a) Basic Hospital Functions (6) Pharmaceutical Services (a) The hospital must have pharmaceutical services that meet the needs of the patients and are in accordance with the Tennessee Board of Pharmacy statutes and regulations. The medical staff is responsible for developing policies and procedures that minimize drug errors. This function may be delegated to the hospital 's organized pharmaceutical service. This Rule is not met as evidenced by: Based on observation and interview, the facility failed to ensure medications were properly secured in the Emergency Department (ED) The findings included: H708 - Discussion was held with the Pharmacy 03/25/09 Observation, on March 16, 2009, at 2:30 p.m., at Director to determine the best procedure to secure but the ED nurse's station in the Critical Area, provide rapid access to this kit. The kit was moved to revealed the unlocked medication refrigerator the ED's Omnicell System to allow controlled access contained a plastic box, measuring approximately to this drug kit in a rapid fashion The Omnicell 1 1/2 " X 12" X 6", with a plastic snap off lock. system allows management reporting of access to the Located in the box were the following kit for QI monitoring medications: Atropine (decreases secretions and prevents decreased heart rate); Versed (sedative); Fentanyl (sedative/analgesic):

Division of Health Care Facilities

6899

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	NT OF DEFICIENCIES OF CORRECTION	(X1) PROVIDER/SUPPLIE IDENTIFICATION NU		(X2) MUL A BUILDI	TIPLE CONSTRUCTION	(X3) DATE S COMPL	BURVEY ETED	
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H 708	Continued From page	ge 9		H 708		^		
	Rocuronium (paraly (paralytic agent); an agent). Interview, a March 16, 2009, at the ED, confirmed the secured from unauth	d Succinycholine (pa t the nurse's station, 2:30 p.m., with the D ne medications were	aralytic on irector of			g Gl		
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Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA AND PLAN OF CORRECTION (X2) MULTIPLE CONSTRUCTION (X3) DATE SURVEY IDENTIFICATION NUMBER: COMPLETED A BUILDING 77 - MAIN BUILDING 01 B WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE EAST TENNESSEE CHILDRENS HOSPITAL 2018 CLINCH AVE SW KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES (X4) ID 10 PROVIDER'S PLAN OF CORRECTION (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PREFIX (EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG CROSS-REFERENCED TO THE APPROPRIATE TAG DATE DEFICIENCY) H 871 1200-8-1-08 (1) Building Standards H 871 The hospital must be constructed, arranged. and maintained to ensure the safety of the patient This Rule is not met as evidenced by: Item #1) Based on observation and interview, the facility failed to assure the required clear space is maintained in front of electrical panels (NFPA 70, 110-16(d)) The findings include: Observation and interview with the Engineering H871 - Linen carts will be relocated Department Manager on March 16, 2009, at 1:45 05/01/09 p.m., confirmed five soiled linen carts in a corridor in front of electrical panels. Item #2) NFPA 101 Life Safety Code, 2003 Edition 19 3.6.3 Corridor Doors, 19.3.6.3.5 Doors shall be provided with a means for keeping the door closed that is acceptable to the authority having jurisdiction, and the following requirements also shall apply: (1) The device used shall be capable of keeping the door fully closed if a force of 22 N (5 lbf) is applied at the latch edge of the door.; (2) Roller latches shall be prohibited on corridor doors in buildings not fully protected by an approved automatic sprinkler system in accordance with 19.3.5.3. Based on observation and interview, the facility failed to assure corridor doors closed to a positive latch. The findings include: sion of Health Care Eacilities

Karl -

DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TESTOENT/CEO

46 /09 DATE

FORM APPROVED Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A BUILDING 77 - MAIN BUILDING 01 B WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X4) ID PREFIX (X5) COMPLETE (EACH DEFICIENCY MUST BE PRECEDED BY FULL (EACH CORRECTIVE ACTION SHOULD BE PREFIX TAG REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE DATE TAG **DEFICIENCY**) H 871 Continued From page 1 H 871 Observation and interview with the Engineering H871 - Neurology door warped New door to be 04/21/09 Department Manager on March 16, 2009, at 2:15 installed and adjusted. Door ordered 3/27/09 X-Ray p.m., confirmed the Neurology unit storage room door adjusted for positive latch and the fire rated door adjacent to X-ray #5 failed to close to a positive latch. Item #3) NFPA 101 Life Safety Code, 2003 Edition 8.3 5.1 Firestop Systems and Devices Required. Penetrations for cables, cable trays, conduits, pipes, tubes, combustion vents and exhaust vents, wires, and similar items to accommodate electrical, mechanical, plumbing, and communications systems that pass through a wall, floor, or floor/ceiling assembly constructed as a fire barrier shall be protected by a firestop system or device. The firestop system or device shall be tested in accordance with ASTM E-814 or ANSI/UL 1479 at a minimum positive pressure differential of 2.5 N/m2 (0.01 in. water column) between the exposed and the unexposed surface of the test assembly Standard Building Code, 1999 Edition Chapter 7 Fire Resistant Materials and Construction 701.2.5 Where materials, systems or devices incorporated into a fire resistant assembly have not been tested as part of the assembly, sufficient data shall be made available to the building official to show that the required fire resistant rating is not reduced Materials and methods of construction used to protect joints and penetrations in the fire resistant building assemblies shall not reduce the required fire resistant rating

Based on observation and interview, the facility failed to assure smoke/fire barriers and rated floor/structural assemblies are maintained.

Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION IDENTIFICATION NUMBER: COMPLETED A. BUILDING 77 - MAIN BUILDING 01 B. WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PRÉFIX TAG (EACH CORRECTIVE ACTION SHOULD BE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) DATE CROSS-REFERENCED TO THE APPROPRIATE TAG DEFICIENCY) H 871 Continued From page 2 H 871 The findings include: Observation and interview with the Engineering H871 - Penetrations listed 1-14 will be sealed prior to 05/01/09 Director on March 17, 2009, between 8:00 a m. 5/1/09 #15 sealed 3/24/09 #16 fireproofing to be and 10:00 a.m., confirmed penetrations not replaced by 4/13/09 The facility will establish and sealed with an approved firestop system around implement an above-the-ceiling work permit system to communication wiring and pipes as well as allow for work to be inspected after completion and removed fireproofing in the following locations: before payment 1) 3r clinic electrical room 2) 3E electrical room conduit in floor 3) 3E communications closet 4) Main communications equipment room 5) Above ceiling 6th floor, above fire rated doors to the OR suite 6) Above ceiling at PACU double doors, above the exit sing 7) Above ceiling at PACU soiled utility room and fire door at same location has a large unsealed area around conduit over the door. 8) Above ceiling at 3 E-W fire rated door by respiratory care office 9) Emergency Department soiled utility room above ceiling 10) Ground floor outside biohazard room has a foam-like sealant around piping in the ceiling that was not identified as an approved firestop product. 11) 5th floor West soiled utility room, above ceiling 12) 4th floor linen chute room, above ceiling 13) 2nd floor soiled utility room, above ceiling 14) Ground floor, two hour fire rated wall near B elevators, adjacent to the kitchen 15) Ground floor, corridor wall in front of C elevators, above ceiling 16) Various small areas with fireproofing scraped from structural steel in the 3E mechanical room and mechanical rooms on the ground floor.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A. BUILDING 77 - MAIN BUILDING 01 B. WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE (EACH DEFICIENCY MUST BE PRECEDED BY FULL (EACH CORRECTIVE ACTION SHOULD BE PREFIX PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE TAG TAG DEFICIENCY) H 871 Continued From page 3 H 871 Item # 4) NFPA 72 National Fire Alarm Code, 2002 Edition 5.7.4.1 In spaces served by air-handling systems, detectors shall not be located where airflow prevents operation of the detectors. Based on observation and interview, the facility failed to assure smoke detectors were located at least 3 feet from an air supply. The findings include: H871 - Smoke detector relocated Observation and interview with the Engineering 03/23/09 Manager on March 16, 2009, at 10:15 a.m., confirmed the smoke detector in the volunteer services refrigerator closet was six (6) inches from an air supply. Item #6) NFPA 13 Standard for the Installation of Sprinkler Systems, 2002 Edition 9 1.1.7 Support of Non-System Components. Sprinkler piping or hangers shall not be used to support non-system components. Based on observation and interview, the facility failed to assure the sprinkler system is installed in accordance with NFPA 13 with piping not be used to support non-system components The findings include: 03/27/09 H871 - Communication room sprinkler head installed Observation and interview with the Engineering Manager on March 16, 2009, at 2:30 p.m., confirmed the ground floor communications room was not provided with sprinkler coverage. Observation and interview with the Engineering Manager on March 17, 2009, at 9:30 a m., confirmed wiring above the lay-in ceiling was

Division of Health Care Facilities

Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: 77 - MAIN BUILDING 01 A BUILDING B WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 (X4) ID SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE PREFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (EACH CORRECTIVE ACTION SHOULD BE TAG REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE DATE TAG DEFICIENCY) H 871 Continued From page 4 H 871 supported by the sprinkler piping above ceiling at H871 - Wiring above ceiling at locations will be 05/01/09 the 6th floor fire rated doors to PACU, 3W by the secured off sprinkler pipes environmental services closet, and on the ground floor corridor outside the laundry area. Item #7) NFPA 101 Life Safety Code, 2003 Edition 19.7.5.7 Soiled linen or trash collection receptacles shall not exceed 121 L (32 gal) in capacity, and the following also shall apply: (1) The average density of container capacity in a room or space shall not exceed 20.4 L/m2 (0.5 gal/ft2); (2) A capacity of 121 L (32 gal) shall not be exceeded within any 6-m2 (64-ft2) area; (3) Mobile soiled linen or trash collection receptacles with capacities greater than 121 L (32 gal) shall be located in a room protected as a hazardous area when not attended.; (4) Container size and density shall not be limited in hazardous areas. Based on observation and staff interview, the facility failed to assure soiled linen or trash receptacles exceeding 32 gallons in capacity were located in a room protected as hazardous when not attended The findings include: Observation with the Engineering Manager on H871 - Linen carts will be relocated 05/01/09 March 16, 2009, at 10:30 a m. confirmed five (5) soiled linen/ trash/ biohazard containers exceeding 32 gallons total capacity in the Emergency Department corridor and not in a protected room. Item #8) NFPA 1 Uniform Fire Code, 2003 Edition

Division of Health Care Facilities

Fluids

Chapter 63 Compressed Gases and Cryogenic

63.3.1.3 4 Securing Compressed Gas

Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED. **IDENTIFICATION NUMBER:** 77 - MAIN BUILDING 01 A BUILDING B WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PROVIDER'S PLAN OF CORRECTION PRÉFIX (EACH DEFICIENCY MUST BE PRECEDED BY FULL COMPLETE DATE (EACH CORRECTIVE ACTION SHOULD BE PREFIX TAG REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE TAG **DEFICIENCY**) H 871 Continued From page 5 H 871 Containers, Cylinders, and Tanks. Compressed gas containers, cylinders, and tanks in use or in storage shall be secured to prevent them from falling or being knocked over by corralling them and securing them to a cart, framework, or a fixed object by use of a restraint, unless otherwise permitted by the following [55:7.1.3.4] NFPA 99 Standards for Health Care Facilities, 2002 Edition 5.1.4.8.4 Zone valve boxes shall be installed where they are visible and accessible at all times. 5.1.9.3.1 Area alarms shall be located at a nurse's station or other location that will provide for continuous responsible surveillance 5.13.3.2 Design and Construction. Locations for central supply systems and the storage of medical gases shall meet the following requirements: (1) Be constructed with access to move cylinders, equipment, and so forth, in and out of the location (2) Be secured with lockable doors or gates or otherwise secured (3) If outdoors, be provided with an enclosure (wall or fencing) constructed of non-combustible materials (4) If indoors, be constructed and use interior finishes of non-combustible or limited-combustible materials such that all walls, floors, ceilings and doors are of a minimum 1-hr fire resistance rating (5) Be compliant with NFPA 70, National Electrical Code, for ordinary locations, with electrical devices located at or above 1520 mm (5 ft) above finished floor to avoid physical damage (6) Be heated by indirect means (e.g., steam, hot water), if heat is required (7) Be provided with racks, chains, or other fastenings to individually secure all cylinders,

6899

FORM APPROVED Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A BUILDING 77 - MAIN BUILDING 01 B. WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X4) ID (X5) COMPLETE (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX **PREFIX** REGULATORY OR LSC IDENTIFYING INFORMATION) DATE TAG TAG DEFICIENCY) Continued From page 6 H 871 whether connected, unconnected, full, or empty, from falling (8) Be supplied with electrical power compliant with the requirements for essential electrical systems as described in Chapter 4 of this document (9) Have racks, shelves, and supports, where provided, constructed of non-combustible materials or limited-combustible materials. 9 4.2 Storage for nonflammable gases greater than 8.5 m3 (300 ft3) but less than 85 m3 (3000 ft3) compressed shall comply with the requirements in 9.4.2(A) through (C). (A) Storage locations shall be outdoors in an enclosure or within an enclosed interior space of noncombustible or limited-combustible construction, with doors (or gates outdoors) that can be secured against unauthorized entry. (B) Oxidizing gases, such as oxygen and nitrous oxide, shall not be stored with any flammable gas, liquid, or vapor. (C) Oxidizing gases such as oxygen and nitrous oxide shall be separated from combustibles or materials by one of the following: (1) A minimum distance of 6 1 m (20 ft) (2) A minimum distance of 1.5 m (5 ft) if the entire storage location is protected by an automatic sprinkler system designed in accordance with NFPA 13, Standard for the Installation of Sprinkler Systems (3) An enclosed cabinet of noncombustible construction having a minimum fire protection rating of 1/2 hour (D) Liquefied gas container storage shall comply with 5.1.3.4.10. (E) Cylinder and container storage locations shall meet 5.1.3.3.1.7 with respect to temperature

meet 5.1.3.3.2(5)

(F) Electrical fixtures in storage locations shall

Division of Health Care Facilities

(X3) DATE SURVEY STATEMENT OF DEFICIENCIES (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A. BUILDING 77 - MAIN BUILDING 01 B WING 03/17/2009 TNP53141 STREET ADDRESS CITY STATE ZIP CODE NAME OF PROVIDER OR SUPPLIER 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 (X5) COMPLETE PROVIDER'S PLAN OF CORRECTION SUMMARY STATEMENT OF DEFICIENCIES (X4).ID (EACH CORRECTIVE ACTION SHOULD BE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX PREFIX CROSS-REFERENCED TO THE APPROPRIATE DATE TAG REGULATORY OR LSC IDENTIFYING INFORMATION) TAG DEFICIENCY) H 871 Continued From page 7 H 871 (G) Cylinder protection from mechanical shock shall meet 5.3.13 2 3. (H) Cylinder or container restraint shall meet 5.3.13 2.3 (I) Smoking, open flames, electric heating elements, and other sources of ignition shall be prohibited within storage locations and within 6 1 m (20 ft) of outside storage locations. (J) Cylinder valve protection caps shall meet 5.3.13.23 (K) Gas cylinder and liquefied gas container storage shall comply with 5.1.3.4 10 Based on observation, the facility failed to assure stored gas cylinders are secured from falling. medical das alarm panels and zone valves are accessible, and medical gas storage enclosures are constructed and maintained in accordance with NFPA 99. Standards for Health Care Facilities, and NFPA 1 Uniform Fire Code. The findings include: Observation and interview with the Director of 03/16/09 H871 - Cylinder caps replaced Engineering and Security and Engineering Manager on March 16, 2009, confirmed three H 03/25/09 H871- CO2 cylinders secured by chains size cylinders were stored without cylinder caps in the manifold room adjacent to the cafeteria, three small CO2 cylinders were stored in the kitchen H871 - Electrical outlets were relocated by raising to 03/23/09 without a means to secure from falling, twelve proper height unsecured oxygen cylinders in the ground floor gas storage room, as well as the roof medical gas manifold room and the ground floor gas 03/26/09 H871 - Ground floor tanks secured storage room had electrical outlets and switches less than five feet from the floor. Observation 04/03/09 and interview further confirmed an enclosure with H871 - Tanks at exit path will be relocated greater than 300 cubic feet of medical gases was located in an exit access path from the Nursery Suite and this enclosure did not meet the requirements for medical gas storage enclosures.

Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A BUILDING 77 - MAIN BUILDING 01 B WING 03/17/2009 TNP53141 STREET ADDRESS, CITY STATE ZIP CODE NAME OF PROVIDER OR SUPPLIER 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 (X5) COMPLETE SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (EACH CORRECTIVE ACTION SHOULD BE PREFIX REGULATORY OR LSC IDENTIFYING INFORMATION) CROSS-REFERENCED TO THE APPROPRIATE DATE TAG TAG DEFICIENCY) H 871 Continued From page 8 H 871 Observation and interview further confirmed 03/29/09 H871 - Cart relocated to clear panel accessibility and observation of the medical gas zone valve and medical gas alarm panel is obstructed by carts and racks in the Nursery Suite. Item #9) NFPA 101 Life Safety Code, 2003 Edition 7.5 Arrangement of Means of Egress, 7.5.1 General 7.5.1 1 Exits shall be located and exit access shall be arranged so that exits are readily accessible at all times. 19.2.3 5 The aisle, corridor, or ramp shall be arranged to avoid any obstructions to the convenient removal of nonambulatory persons carried on stretchers or on mattresses serving as stretchers. Based on observation, the facility failed to assure the means of egress is maintained readily accessible at all times The findings include: H871- Exit paths will be cleared and unit manager 04/17/09 Observation and interview with the Director of informed about requirements Engineering and Security on March 16, 2009. confirmed two of three exits from the Nursery Suite were obstructed by equipment to include a cart, chart rack, 2 drawer cabinet, five shelf metal cart filled with supplies, a rolling computer, storage cart, and a linen collection cart. The third exit from the suite required passage through an enclosure used for medical gas storage, exceeding 300 cubic feet. H 873 1200-8-1-.08 (3) Building Standards H 873 (3) No new hospital shall hereafter be constructed, nor shall major alterations be made to existing hospitals, or change in hospital type be

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A BUILDING 77 - MAIN BUILDING 01 B WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES PROVIDER'S PLAN OF CORRECTION (X5) COMPLETE (X4) ID ID (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX DATE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG DEFICIENCY) H 873 Continued From page 9 H 873 made without the prior written approval of the department, and unless in accordance with plans and specifications approved in advance by the department. Before any new hospital is licensed or before any alteration or expansion of a licensed hospital can be approved, the applicant must furnish two (2) complete sets of plans and specifications to the department, together with fees and other information as required. Plans and specifications for new construction and major renovations, other than minor alterations not affecting fire and life safety or functional issues, shall be prepared by or under the direction of a licensed architect and/or a qualified licensed engineer. This Rule is not met as evidenced by: Based on observation and interview, the facility failed to assure alterations to the facility are made with prior approval from the Department of Health. The findings include: H873- List of doors will be compiled and sent to 04/08/09 Observation and interview with the Director of Department of Health in Nashville Engineering and Security on March 16, 2009. between 9:00 a m. and 4:00 p.m., confirmed various exit doors throughout the facility were locked with magnetic locking hardware and the facility failed to obtain prior approval from the Department of Health for the installation of special locking hardware H 893 1200-8-1-.08 (23) Building Standards H 893 (23) A negative air pressure shall be maintained in the soiled utility area, toilet room, janitor's closet, dishwashing and other such soiled spaces, and a positive air pressure shall be

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:

(X2) MULTIPLE CONSTRUCTION

(X3) DATE SURVEY COMPLETED

TNP53141

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77 - MAIN BUILDING 01

03/17/2009

NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS CITY STATE ZIP CODE

EAST TENNESSEE CHILDRENS HOSPITAL

2018 CLINCH AVE SW KNOXVILLE, TN 37916

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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
H 893	Continued From page 10 maintained in all clean areas including, but not limited to, clean linen rooms and clean utility rooms.	H 893		
	This Rule is not met as evidenced by: Guidelines for the Design and Construction of Hospital and Health Care Facilities, 1996-97 Edition Table 2 Ventilation Requirements for Areas Affecting Patient Care in Hospitals and Outpatient Facilities: Physical Therapy and hydrotherapy, Air movement relationship to adjacent areas = In		4	
	Based on observation and interview, the facility failed to assure required relative air pressures are maintained for specific facility spaces		5	
	The findings include:			
	Observation and interview with the Engineering Manager, on March 16, 2009, at 10:00 a.m., confirmed the 4W rehabilitation room was not under a negative air pressure.		H893 - Air handler rebalanced AHU and system adjusted and balanced to achieve proper pressure relationship	03/27/09
H 902	1200-8-109 (2) Life Safety	H,902		
	(2) The hospital shall provide fire protection by the elimination of fire hazards, by the installation of necessary fire fighting equipment and by the adoption of a written fire control plan. Fire drills shall be held at least quarterly for each work shift for hospital personnel in each separate patient-occupied hospital building. There shall be a written report documenting the evaluation of each drill and the action recommended or taken for any deficiencies found. Records which document and evaluate these drills must be			
1	maintained for at least three (3) years. All fires which result in a response by the local fire		and the same of th	

STATE FORM

PRINTED: 03/19/2009 FORM APPROVED Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION IDENTIFICATION NUMBER: COMPLETED 77 - MAIN BUILDING 01 A BUILDING B WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PREFIX (X5) COMPLETE PROVIDER'S PLAN OF CORRECTION ID (EACH DEFICIENCY MUST BE PRECEDED BY FULL PREFIX (EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG TAG CROSS-REFERENCED TO THE APPROPRIATE DATE DEFICIENCY) Continued From page 11 H 902 department shall be reported to the department within seven (7) days The report shall contain sufficient information to ascertain the nature and location of the fire, its probable cause and any injuries incurred by any person or persons as a result of the fire Initial reports by the facility may omit the name(s) of patient(s) and parties involved, however, should the department find the identities of such persons to be necessary to an investigation, the facility shall provide such information... Authority: T.C A. §§4-5-202, 4-5-204, 68-11-202. 68-11-204, 68-11-206, 68-11-209, and 68-11-216 This Rule is not met as evidenced by: Based on observation and interview, the facility failed to assure fire extinguishers were provided to be accessible in all areas within a travel distance of 75 feet (NFPA 10). The findings include: Observation and interview with the Engineering H902 - Fire extinguishers installed in the Pharmacy 03/18/09 Department Manager on March 16, 2009, at 2:00 and Medical Records p.m., confirmed the Pharmacy and medical record room were not provided with a portable fire extinguisher. The portable fire extinguishers in the corridor were greater than 75 feet travel distance H1401 1200-8-1-.14 (1)(a) Disaster Preparedness H1401

Division of Health Care Facilities

(1) Emergency Electrical Power.

(a) All hospitals must have one or more on-site electrical generators which are capable of

Division of Health Care Facilities STATEMENT OF DEFICIENCIES (X3) DATE SURVEY (X1) PROVIDER/SUPPLIER/CLIA (X2) MULTIPLE CONSTRUCTION AND PLAN OF CORRECTION COMPLETED IDENTIFICATION NUMBER: A. BUILDING 77 - MAIN BUILDING 01 B WING TNP53141 03/17/2009 NAME OF PROVIDER OR SUPPLIER STREET ADDRESS CITY STATE ZIP CODE 2018 CLINCH AVE SW EAST TENNESSEE CHILDRENS HOSPITAL KNOXVILLE, TN 37916 SUMMARY STATEMENT OF DEFICIENCIES (X4) ID PREFJX PROVIDER'S PLAN OF CORRECTION (X5) (EACH DEFICIENCY MUST BE PRECEDED BY FULL COMPLETE PREFIX (EACH CORRECTIVE ACTION SHOULD BE REGULATORY OR LSC IDENTIFYING INFORMATION) TAG CROSS-REFERENCED TO THE APPROPRIATE DATE TAG DEFICIENCY) H1401 Continued From page 12 H1401 providing emergency electrical power to at least all life sustaining equipment and life sustaining resources such as: ventilators; blood banks. biological refrigerators, safety switches for boilers, safety lighting for corridors and stairwells and other essential equipment This Rule is not met as evidenced by: NFPA 110 Standard for Emergency and Standby Power Systems, 2002 Edition Chapter 7 Installation and Environmental Considerations 7.3 Lighting. 7.3.1 The Level 1 or Level 2 EPS equipment location(s) shall be provided with battery-powered emergency lighting. This requirement shall not apply to units located outdoors in enclosures that do not include walk-in access Based on observation and interview, the facility failed to assure battery powered emergency lighting is provided at emergency electrical source equipment locations. The findings include: Observation and interview with the Director of H1401 - Battery powered lights installed in generator 03/30/09 Engineering and Security on March 16, 2007, and transfer rooms confirmed the room containing the generator transfer switch and the room containing the generator was not provided with battery powered emergency lighting.

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIE IDENTIFICATION NU	ER/CLIA IMBER:	(X2) MULT	TIPLE CONSTRUCTION	(X3) DATE S	
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P 002 1200-8-30 No Defic	iencies		P 002			
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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

is to provide afficial natice to the Services and Development Agenc II interested parties, in accordance (C.A. § 68-11-160) et sec., and the of the Health Services and Development Agency, that:

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he onlicipoled date of Jiling the application is: Jonuary 15, 2014. on is: Jonuary 15, 2014. he contact person for this project is Kir for yet Looney. Allorney, who may b eached al: Waller Lansden Dorlch -loyin LEP, 511 Union Street, suite 27th loshwife, TN 37219, 615-8508721 Upon written request by interested par lies, a lacal Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

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As required by 40 CFR SI 140 el seq. lhe Knox CAIr Quality Management is rewiding the public separaturity to raview and comment on two draft confruentian to permits.

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	LETTER OF IN	TENT		
The Publication of Intent is to be publish	ned in the Knoxvill	e News Sentinel	which is a ı	newspaper
of general circulation in Knox	ounty) , Tenness	(Name of Newspaper ee, on or before	January 10 (Month/Day)	_ , 20 <u>14</u> (Year
for one day.				
This is to provide official notice to the accordance with T.C.A. § 68-11-1601 e	Health Services and street seq., and the Rules of	Development Agen the Health Services	cy and all interest and Development	ed parties, i Agency, that
East Tennessee Children's Hospital		Hospital		
(Name of Applicant)		(Facility Type	-Existing)	
East Tennessee Children's I- owned by: Association, Inc.		ership type ofno	on-profit corporation	
and to be managed by:itself	intends to fil	e an application for	a Certificate of Nee	d
for: renovation and expansion of the N Specialty Clinic located on the Hospital's ca The licensed beds are not affected, no serve as a result of this project. The estimated pr	ampus at 2018 Clinch Aver ices will be initiated, and n	nue, Knoxville, TN 3° o major medical equip	7916.	
The anticipated date of filing the applica	ation is: Januar	y 15 , 20	14	
The contact person for this project is	Kim Harvey Looney	At	torney	
	(Contact Name)		(Title)	
who may be reached at: Waller Lan	sden Dortch & Davis LLP (Company Name)	511 Union Str	eet, Suite 2700 (Address)	
	N 37219	615 /	850-8722	
(St	ate) (Zip Code)	(Area Code)	(Phone Number)	
Di Di Johne	1-10-14)wallerlaw.com Email-Address)	
(Signature)	(Date)			***
The Letter of Intent must be filed in triplast day for filing is a Saturday, Sundathis form at the following address:	olicate and received bet ay or State Holiday, filin	ween the first and t g must occur on th	he tenth day of the ne preceding busin	month. If the ess day. Fi
Не	alth Services and Devel Andrew Jackson Build	opment Agency ing, 9 th Floor		

> 502 Deaderick Street Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

COPY-SUPPLEMENTAL-1

East TN Children's Hospital

CN1401-002



Waller Lansden Dortch & Davis 511 Union Street, Suite 2700 P.O. Box 198966 Nashville, TN 37219-8966

Kim Harvey Looney 615.850.8722 direct kim.looney@wallerlaw.com PLE 4504 AL- # 1
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January 30, 2014

VIA HAND DELIVERY

Phillip M. Earhart HSD Examiner Health Services and Development Agency Andrew Jackson Building, 9th Floor 502 Deaderick Street Nashville, TN 37243

Re: Certificate of Need Application CN1401-002

East Tennessee Children's Hospital

Dear Phillip:

This letter is submitted as the supplemental response to your letter dated January 24, 2014, wherein additional information or clarification was requested regarding the above-referenced CON application.

1. Section A., Applicant Profile, Item 4

The East Tennessee Children's list of Board of Directors as of 2009 is noted. Please clarify if this list is currently accurate.

Response: The current board of directors for ETCH is: Dee Haslam (Chairman), Larry Martin (Vice Chairman), Michael Crabtree (Secretary/Treasurer), John Buchheit, M.D., Mark Cramolini, M.D., Randall Gibson, Keith Goodwin, Steven Harb, Lewis Harris, M.D., Gale Huneycutt, Jr., David Martin, Chris Miller, M.D., David Nickels, M.D., Laura Palenkas, Steve South, and Andrea Anne White.

2. Section A., Applicant Profile, Item 13

Please clarify if the applicant is currently contracted with BlueCare, TennCare Select, United Healthcare Community Plan, and AmeriGroup. It was unclear in the application if the applicant has already contracted, or plans to contract with these organizations.

Response: The applicant currently contracts with these managed care payors.

3. Section B.H.A., Project Description

Please describe neonatal abstinence syndrome (NAS).

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 2

Response: Neonatal abstinence syndrome (NAS) is a group of problems that occur in a newborn who was exposed to addictive illegal or prescription drugs while in the mother's womb. Babies of mothers who drink during pregnancy may have a similar condition. At birth, the baby is still dependent on the drug. Because the baby is no longer getting the drug after birth, symptoms of withdrawal may occur.

The applicant states the NAS baby occurrence is anticipated to decline. What are the factors involved and projected rates of decline?

Response: The applicant cannot accurately predict the rate of decline, but is hoping to discourage the use of drugs or alcohol in pregnant women. To decrease the incidence of alcohol or drug use in pregnant women, the applicant works with the expectant mothers during prenatal care to educate them on the adverse effects of the substances on the unborn child to get them to discontinue the alcohol or drug use. When they are successful, the newborn is less likely to experience NAS.

What are the future plans for the 40,900 square feet of shelled space?

Response: The shelled space is intended to be used primarily for the expansion of outpatient clinical space and support space.

The applicant states the new building will be five stories. Is the structure built in a way to add additional stories in the future? If so, how many? If not, where will future expansion occur?

Response: The structure is not being built to accommodate additional stories in the future. The only future expansion that is currently planned is the shelled space described above. The expansion that is the subject of this application is expected to meet the needs of ETCH for the foreseeable future.

There appears to be calculation errors in the Square Footage and Cost per Square Footage Chart in the GSF subtotal for the proposed final square footage "renovated" and "total" columns. If needed, please resubmit.

Response: Please see the revised Square Footage and Cost Per Square Footage Chart included as Attachment B.II.A, Project Description.

Please total the existing square SF column of the Square Footage and Cost per Square Footage Chart.

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 3

Response: Please see revised Square Footage and Cost Per Square Footage Chart included as Attachment B.II.A, Project Description.

Please clarify if the East Tennessee Children's Hospital proposed expansion and renovation will meet or exceed the latest Tennessee Perinatal Care System, Guidelines for Regionalization Hospital Care Levels, Staffing and Facilities standards.

Response: The proposed renovation and expansion of ETCH will meet or exceed the latest Tennessee Perinatal Care System, Guidelines for Regionalization Hospital Care Levels, Staffing and Facilities standards.

Please clarify what will happen to the NICU unit area at the existing facility when it is relocated to the newly constructed hospital.

Response: As shown on the page of the floor plan labelled as CON-Level 5 Area Renovation, the existing NICU area will be used for support areas. These include respiratory care, family sleep suites, PICU support, NICU support, etc.

What will happen to existing ORs? How many ORs are there now, and how many will there be after completion of the project?

Response: The applicant currently operates 9 ORs and 3 endoscopy/pulmonology rooms. After completion of the project there will be 10 ORs and 4 procedure rooms (one of the ORs will be shelled space). After completion of the project, the renovated third floor will include unit support, an on call suite, satellite pharmacy, lab and other office support areas and the renovated sixth floor will include the neurology lab, and other laboratory and child life, social work and pastoral areas.

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 4

Please complete the following charts:

Current Building

Location	Description of Services	# of inpatient beds	Type of beds
Floor One	Outpatient & Ancillary Support	0	
Floor Two	Medical Services/ Outpatient Clinics	37	private
Floor Three	Medical Services/Clinic/NAS- NICU	42	26 private 16-NICU/NAS private
Floor Four	Outpatient & Inpatient Surgery; Inpatient Beds	16	private
Floor Five	NICU & PICU	57	44 NICU 13 PICU
Floor Six	Perioperative Services	0	
Total Beds		152	

Current Building after Completion of the Proposed Project

Location	Description of Services	# of inpatient beds	Type of beds
Floor One	Outpatient & Ancillary Support	0	1 8 1
Floor Two	Medical Services/Clinic	34	Private
Floor Three	Medical Services	30	Private
Floor Four	NAS(NICU) Inpatient Surgery	31	16 NAS Private 15 Private
Floor Five	PICU & Family Support	13	10 Private 3 Semi-private
Floor Six	Lab & Neurology & Staff Support	0	
Total Beds		108	

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January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 5

New Building

Location	Description of Services	# of inpatient beds	Type of beds
Floor One	Shell	0	
Floor Two	SPD & Outpatient Clinic	0	
Floor Three	Perioperative Services	0	
Floor Four	Lockers & Mechanical	0	
Floor Five	NICU	44	Private
Total Beds		44	
Total Beds After		152	
Project			

4. Section B. III., Project Description (Plot Plan)

Please submit a revised plot plan that reflects the size of the site.

Response: Please see plot plan which now has the acreage identified on the plan included as Attachment B.II, Project Description (Plot Plan).

5. Section B. IV., Project Description (Floor Plan)

The floor plan is noted. However, please note private and semi-private patient care rooms.

Response: The patient care rooms are identified with numbers. All rooms are private rooms unless they are identified with an S, which identifies the semi-private patient care rooms.

6. Section C, Need, Item 1.

STATE HEALTH PLAN

Tennessee Code Annotated Section 68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/finance/healthplanning/). The State Health Plan guides the state in the development of health care programs and policies and in the allocation of health care resources in the state, including the Certificate of Need program. The 5 Principles for Achieving Better Health form the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 6

Please discuss how the proposed project will relate to the <u>5 Principles for Achieving Better Health</u> found in the State Health Plan. Each Principle is listed below with example questions to help the applicant in its thinking.

Response: The applicant addresses the <u>5 Principles for Achieving Better Health</u> found in the State Health Plan below:

Principle 1: Healthy Lives

Response: The applicant seeks to assist its primary patient population by promoting access to its service for one of the most vulnerable patient populations: infant and children. In particular, it seeks to decrease the number of babies born with NAS. It is working to discourage the use of drugs or alcohol in pregnant women. To decrease the incidence of alcohol or drug use in pregnant women, the applicant works with the expectant mothers during prenatal care to educate them on the adverse effects of the substances on the unborn child to get them to discontinue the alcohol or drug use. When they are successful, the newborn is less likely to experience NAS.

Principle 2: Access to Care

The applicant provides care to infants and children, one of the most Response: fragile patient populations. It is the only freestanding children's hospital in the East Tennessee Perinatal Region, which includes the counties of Anderson, Blount, Hamblen, Jefferson, Knox, Loudon, Roane and Sevier (primary service area), and the counties of Union, Scott, Pickett, Morgan, Monroe, Grainger, Fentress, Cumberland, Cocke, Claiborne, and Campbell (secondary service area). Current ETCH facilities are at capacity. Over time, many family spaces in patient and public areas have been reduced or displaced to serve medical purposes. In some instances, the concept of patient and family centered care was not even incorporated into the planning, because the space was built so long ago. The facility is operating with outdated design spaces and outdated usage, which does not allow it to operate at maximum efficiency, which can hinder access to care. The facility can no longer accommodate necessary growth, updates or services. Children's hospitals have changed significantly since ETCH was built and any renovations were completed. Programs should not only focus on the health of the child, but should incorporate the family in patient care. The areas that are the primary focus of the renovation and expansion are the NICU, the surgical areas, and the NAS unit.

In the NICU, having private rooms will help meet the family's needs for sleeping accommodations while being present 24/7 in a more home-like environment, as compared to the current open layout. The all-private room design will accommodate rooming-in for parents with a sofa bed, storage space for family, and most importantly, a controlled environment for the baby and mother. References and research materials for family members during the stay are housed in the resource room which acts as a small

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 7

library and business center. This, in turn, will enhance parent education in preparation for being discharged. Family support amenities will be enhanced to reduce the impact of extended stays. The unit's family lounge will help parents during their stay by supplying a kitchen, showers, and laundry facilities. Along with decentralized stations, the new units will provide better direct observation of patients, increased responsiveness and presence of the medical team, and encourage closer relationships with the family.

Principle 3: Economic Efficiencies

Response: There will be no increase in costs to patients as a result of the expansion. Much of the renovation is focused on the provision of the services in the most efficient manner, which in turn should help to increase the economic efficiencies of the operation of the hospital. Some of the renovations which are expected to provide the greatest impact are also expected to increase access to care as well as increase quality of care and are discussed both above and below this response.

Principle 4: Quality of Care

Response: The applicant always seeks to provide the highest quality of care to its patient population. Much of the renovation and expansion is necessary in order for it to maintain its high quality of care. For example, the changes in the operation of the surgical units is expected to have a significant impact. The current perioperative services at ETCH are located on two levels, which can hinder the care provided; the proposed project will enable the applicant to consolidate the perioperative services on one floor. This bifurcated system is the result of growth without proper spatial accommodations, and requires elevator travel and handoffs with every patient transport. Patient spaces are not private, which is the current standard. Dedicated equipment storage is nonexistent, so surgical corridors are congested and partially blocked. There will be no new beds as a result of this expansion, but the areas need to be expanded to allow for best practices in pediatric care. The new operating rooms will meet or exceed the current standards for operating rooms; the existing ORs do not generally meet the space requirements. Keeping family informed of their child's progression through surgery, by means of tracking boards in designated public spaces, will allow families the freedom to leave the waiting room and alleviate potential anxiety and stress. Families will be notified when to be present for a post-op meeting with the surgeon/proceduralist, to be conducted in a private room, with comfortable furniture and media to illustrate the measures taken with each case. Overall quality of care will be enhanced from start-to-finish.

The applicant will provide residents in need of its services with a high quality of care regardless of their ability to pay.

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January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 8

Principle 5: Health Care Workforce:

Response: The applicant operates with a well-trained health care workforce. It does not anticipate increasing the workforce as a result of this application. In addition, ETCH assists in the training of the future health care workforce through nursing schools and medical schools in the area. These training programs include the following Schools of Nursing: University of Tennessee, South College, Carson Newman College, Lincoln Memorial University, Tennessee Technological University, Tennessee Wesleyan, Walters State Community College, Roane State Community College, and Pellissippi State. The applicant also participates in resident rotations for the family practice program at ETSU's Quillen College of Medicine, medical student rotations at Lincoln Memorial University, and the surgical residency program at UT.

7. Section C, Need, Item 4.A.

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 9

Response: The applicant provides the requested information below. It revised the format slightly to make the data easier to review and comprehend.

Variable	Current Year (CY) Age 65+	Projected Year (PY), Age 65+	Age 65+, % Change	Age 65+, % Total (PY)	CY, Total Population	PY, Total Population	Total Pop. % Change
TN	981,984	1,102,413	12.3	16.1	6,588,698	6,833,509	3.7
Service Area	230,334	258,207	12.1	19.1	1,300,552	1,353,068	4.0
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Union	3,171	3,660	15.4	18.7	19,301	19,605	1.6
Scott	3,541	3,857	8.9	17.6	21,944	21,969	0.1
Pickett	1,292	1,369	6.0	27.7	5,019	4,943	(1.5)
Morgan	3,436	3,796	10.5	17.3	21,848	22,004	0.7
Monroe	8,938	10,340	15.7	21.5	46,092	48,088	4.3
Grainger	4,204	4,557	8.4	19.2	23,111	23,675	2.4
Fentress	3,566	3,870	8.5	20.4	18,404	18,987	3.2
Cumberland	15,838	15,630	(.01)	25.9	57,815	60,292	4.3
Cocke	6,669	6,871	3.0	17.8	36,762	38,615	5.0
Claiborne	5,880	6,378	8.5	19.2	32,604	33,280	2.1
Campbell	7,614	8,122	6.7	19.1	41,474	42,566	2.6
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Knox	66,392	78,354	18.0	16.5	453,629	475,569	4.8
Sevier	16,768	19,252	14.8	19.2	94,833	100,362	5.8
Roane	11,422	12,508	9.5	23.0	54,006	54,457	.08
Loudon	12,711	14,179	11.5	26.7	50,926	53,192	4.4
Jefferson	9,972	11,291	13.2	19.9	53,729	56,872	5.8
Hamblen	11,269	12,067	7.1	18.4	64,108	65,570	2.3
Blount	23,120	25,829	11.7	19.1	128,368	135,171	5.3
Anderson	14,531	16,277	12.0	20.9	76,579	77,851	1.7

Source: TDH Population Projections, June 2013. TennCare Bureau October 2013 Enrollment Data; United States Census Bureau QuickFacts and American FactFinder Data.

^{*}Average of median age, median household income, and percent below poverty level.

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 10

Variable	TennCare Enrollees	TennCare Enrollees as a % of Total Population	Median Age	Median Household Income	Population % Below Poverty Level
TN	1,197,411	18.3	38.0	44,140	17.3
Service Area	227,318	17.6	42.0*	37,694*	18.75*
"是是我们的 "	E RESERVED STATE	是是100 (minus) 100 100 100 100 100 100 100 100 100 10		阿里拉斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯斯	
Total SSA	76,826	23.8	42.3*	33,126*	21.1*
Union	4,411	22.9	40.1	33,456	22.6
Scott	7,067	32.1	38.1	29,161	25.8
Pickett	1,014	20.1	47.2	34,255	21.0
Morgan	4,227	19.4	39.8	37,522	19.1
Monroe	9,950	21.8	41.6	36,430	19.3
Grainger	5,004	21.8	42.1	33,185	20.2
Fentress	5,379	29.4	42.3	27,773	25.4
Cumberland	10,456	18.2	48.3	37,963	16.4
Cocke	9,882	27.2	42.9	29,764	16.0
Claiborne	7,873	24.3	41.1	33,568	23.0
Campbell	11,563	28.1	41.7	31,312	23.7
District State of Sta	Military Name 1100	是数据数据2000年的15世纪19世纪的18			
Total PSA	150,492	15.6	41.7*	43,976*	15.5*
Knox	62,986	14.1	37.2	47,270	14.2
Sevier	15,044	16.1	40.9	43,300	13.4
Roane	9,610	17.8	44.9	43,017	14.4
Loudon	7,011	13.9	46.0	49,602	14.6
Jefferson	10,114	19.1	40.8	38,800	19.2
Hamblen	13,192	20.7	39.6	39,316	18.6
Blount	18,695	14.7	41.4	46,347	12.7
Anderson	13,840	18.2	42.6	44,154	16.7

Source: TDH Population Projections, June 2013. TennCare Bureau October 2013 Enrollment Data; United States Census Bureau QuickFacts and American FactFinder Data.

8. Section C, Need, Item 6

Please include detailed calculations or documentation from referral sources, and identification of all assumptions regarding the methodology in projecting utilization.

^{*}Average of median age, median household income, and percent below poverty level.

waller

SUPPLEMENTAL- # 1
January 30, 2014
3:00pm

Phillip M. Earhart January 30, 2014 Page 11

Please complete the following table for Surgical Trends and Utilization (Cases):

		Historical			Interim		Year 1	Year 2
III weeks to be a second to be a sec	2011	2012	2013	2014*	2015	2016	2017	2018
IP Surgery	3,077	2,875	2,883	1,184	2,926	2,970	3,014	3,060
OP Surgery	7,875	7,969	8,035	3,405	8,155	8,277	8,401	8,527
Total Surgery	10,952	10,844	10,918	4,589	11,081	11,247	11,415	11,587

Source: East Tennessee Children's Hospital historical and projected hospital data.

*2014 July- November 2013

9. Section C, Economic Feasibility, Item 1

The letter supporting construction costs is noted. However please revise to include the project will meet all 2010 AIA standards, licensure rules, building codes, etc.

Response: Please see the revised contractor letter included as <u>Attachment C</u>, <u>Economic Feasibility, Item 1</u>.

10. Section C, Economic Feasibility, Item 2

It is noted the proposed project will be funded by tax-exempt bonds and cash reserves. Approximately what percentage will be funded by tax-exempt bonds and by cash reserves?

Response: The applicant anticipates that approximately \$60 million will be issued in bonds and approximately \$15 million will be funded from cash reserves.

11. Section C., Economic Feasibility, Item 4 (Historical and Projected Data Charts)

The HSDA is utilizing more detailed Historical and Projected Data Charts. Please complete the revised Historical and Projected Data Charts provided as an attachment. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 12

There appears to be a typo on the Historical Data Chart in the Year 2011 for salaries and wages in the amount of \$656,396,820. Please clarify.

Response: This was a typographical error and has now been corrected. In the process of reviewing the data on the historical and projected data charts, the applicant determined that some of the interest needed to be reclassified, so some entries are revised. However, the overall calculations are not affected. Please see the revised Historical Data Chart included as Attachment 11-12. C-Economic Feasibility, Item 4.

There appears to be calculation errors in the Year 2011 column of the Historical Data Chart, and in the calculation of the deductions from operating revenue for the years 2011 and 2013. Please revise.

Response: Please see the revised Historical Data Chart included as <u>Attachment 11-12</u>. C-Economic Feasibility, Item 4.

The Historical Data Chart is missing the totals for net operating income (loss). Please revise.

Response: Please see the revised Historical Data Chart with the totals for net operating income (loss) included as <u>Attachment 11-12</u>. C-Economic Feasibility, Item 4.

12. Section C, Economic Feasibility, Item 4 (Projected Data Chart)

There appears to be a calculation error in the deductions for operating revenue for the Year 2018. Please revise.

Response: The calculation error has been corrected. In the process of reviewing the data on the historical and projected data charts, the applicant determined that some of the interest needed to be reclassified, so some entries are revised. However, the overall calculations are not affected. Please see revised Projected Data Chart included as Attachment 11-12. C-Economic Feasibility, Item 4.

Please clarify the reason there is an increase in depreciation from \$9,442,547 in 2017 to \$11,888,976 in 2018.

Response: The increase in depreciation between 2017 and 2018 is the result of the project being completed and in service for an entire fiscal year in 2018, rather than the partial year of 2017.

waller

January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 13

The Projected Data Chart includes the Years 2017 and 2018. The Project Completion Forecast Chart indicates the initiation of service in March 2018. Please clarify.

Response: The applicant expects the first phase of the project to be completed in the latter part of 2016 or early 2017. The second phase of the project is expected to be completed in March 2018. Phase I is for new construction and Phase II is for the renovation that begins after occupancy of the new building, as indicated on the Project Completion Forecast Chart.

13. Section C, Economic Feasibility, Item 5

Please revise the project's average gross charge, average deduction from operating revenue, and average net charge if there are revisions to the Projected Data Chart.

Response: The typographical errors do not affect any numbers used to calculate average gross charge, average deduction from operating revenue and average net charge.

14. Section C, Economic Feasibility, Item 9

The applicant estimates the TennCare payor mix for the project to be 64% of net operating revenue in Year One. On page 24 of the East Tennessee Children's Hospital Association, Inc. and subsidiaries consolidated financial statement for the period ending June 30, 2013, the TennCare percentage of gross receivables from TennCare is 44%. Please clarify.

What percentage of the total (not net) project revenue is anticipated from TennCare?

Response: The TennCare mix for ETCH is 64% of gross revenue. The audited financial statements show net revenue for TennCare of 44%.

The applicant is projecting approximately \$1,397,361, or 1% for charity care. It appears the amount allocated equals .75% charity care. Please clarify.

Response: The amount of allocated charity care equals .75%. The original 1% figure was rounded to the nearest percent.

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January 30, 2014 3:00pm

Phillip M. Earhart January 30, 2014 Page 14

15. Section C, Orderly Development, Item 7.b

Please clarify when the Joint Commission Accreditation expires. In addition, please provide a copy of the latest Joint Commission survey summary.

Response: The Joint Commission Accreditation expires on 11/9/2015. Please see the Joint Commission Survey Summary included as <u>Attachment 15, Section C-Orderly Development, Item 7.b.</u>

If you have any questions or require additional information, please give me a call at 850-8722 or by email at Kim.Looney@wallerlaw.com.

Sincerely,

Kim Harvey Looney

KHL:lag

January 30, 2014 3:00pm

Attachment 3. B.II.A.
Square Footage and Cost Per Square Footage Chart

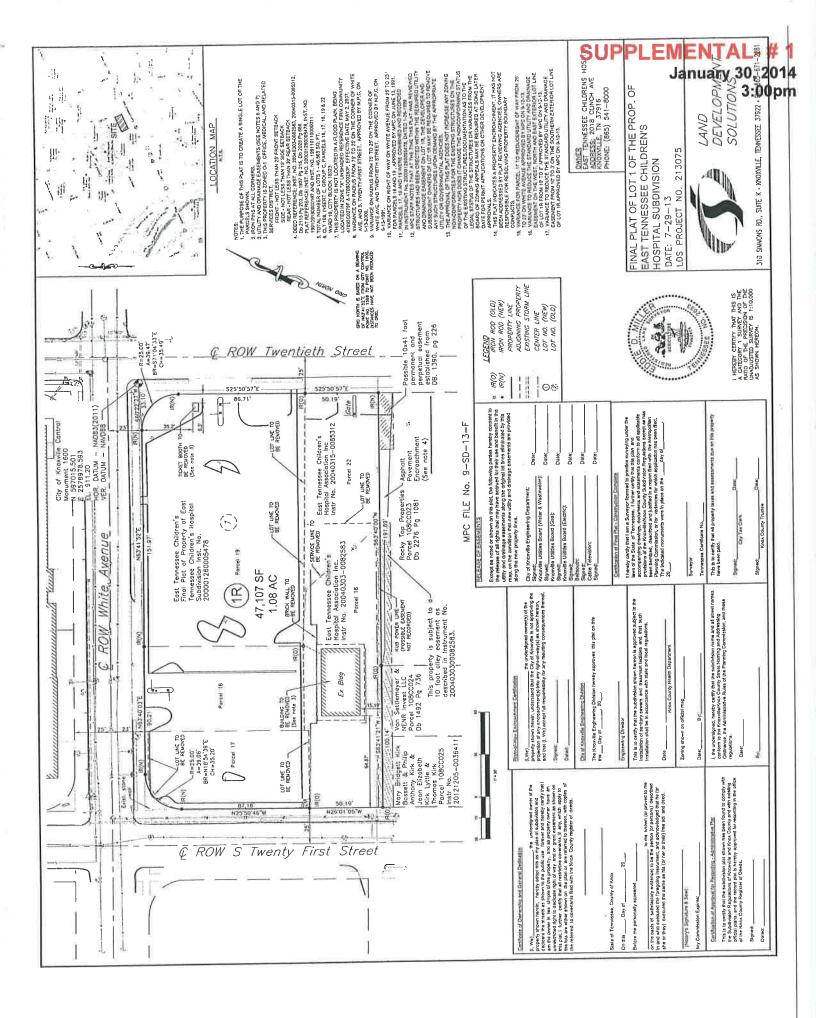
SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

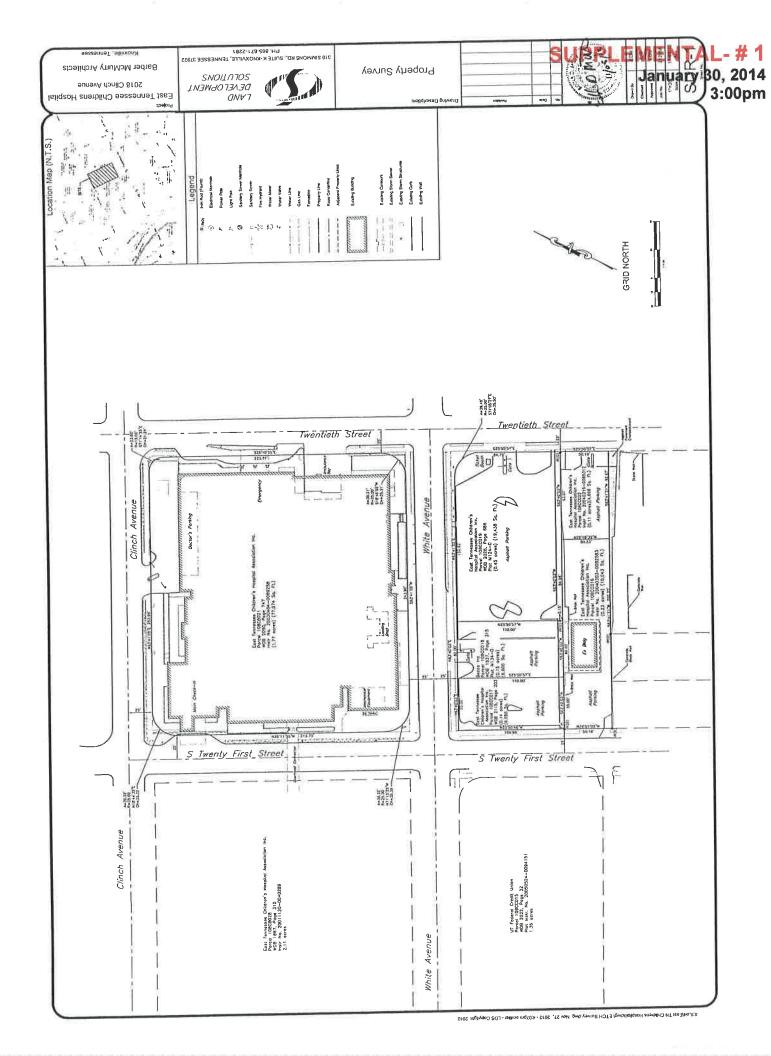
·	ï	ri-		500 T	750 - P						To go T			20301		333.01	SL	ΙΡΙ	2LI	ΕŅ	IE)	VT,	AL-#1
	Total		\$85	\$85	\$65	\$10	\$75	\$50	\$85	\$100	\$115	\$150	\$130	\$75	\$200	\$150	890	\$175	\$85	\$150	8125 a	185 9	30, 2014 3:00pm
Proposed Final Cost/ SF	WeN		20	\$0	20	80	\$0	20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	SO	\$0	\$0	\$0	\$0	
Prop	Renovated		\$85	\$85	\$65	\$10	\$75	\$50	\$85	\$100	\$115	\$150	\$130	\$75	\$200	\$150	\$100	\$175	\$85	\$150	\$125	\$250	
	Total		4,337	1,740	631	6,450	512	216	2,442	1,055	1,123	2,119	870	75	1,038	219	668	638	476	10,281	717	1,877	
Proposed Final Square Footage	New			79	761	t:	3	¥.	ij	k	(9)		() .	<u>%</u>			9	14		ä	4	ж	
Prop	Renoveted		4,337	1,740	631	6,450	512	216	2,442	1,055	1,123	2,119	870	75	1,038	219	999	638	476	10,281	717	1,877	
Proposed	Constion		Level 0, 2	Level 0	Level 0	Level 1,3,6	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 1	Level 2	Level 3	Level 3	Level 3	Level 3	Level 3	Level 4	Level 4	Level 5	
Temporary	1 ocation		N/A	N/A	A/A	N/A	N/A	N/A	N/A	N/A	A/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Txisting	EAISUII 9	5	2,250	1,500	115	A/A	185	910	1,750	845	710	9,200	740	A/N	N/A	490	225	N/A		12,180	930	A/A	
Existing	LAisting	Location	Level 0	Level 0	Level 0	A/N	Level 1	Level 1	Level 0	Level 1	Level 1	Level 1	Level 1	N/A	N/A	Level 0	Level 3	N/A	Level 3	Level 3	Level 4	N/A	
	A Lorit / Deportment	A. Olitz Department	Material Management	Central Supplies	LEAN	Shell Renovations	Family Resource	Gift Shop Expansion	HIM	Phlebotomy Expansion	Pulmonary Expansion	Radiology Expansion & Renovation	Sedation & Procedure	Connection	On-Call Suite	Physician Lounge (Hospitalist)	CPG Suite	Satellite Pharmacy	Med Surgery Support	NAS	Rehab	Family Sleep Suite	11524203.2

			· ·			The state of the s		- T		5 Feb				-101	1900	3 3 I	lores	S	UF	PPI	E	MĘ	7 1	
\$50	\$100	\$100	\$150	\$150	\$150	\$75	\$150	\$85	\$150	\$345	\$370	\$300	\$200	\$150	\$125	\$200	\$117	\$200	\$75	\$219	\$150	\$1326	\$197.0 0.	3:00pm
\$0	\$0	\$0	80	\$0	\$0	\$0	\$0	\$0	\$0	\$350	\$370	\$300	\$200	\$150	\$125	\$200	\$150	\$200	\$75		\$150	\$150	\$224.00*	
\$50	\$100	\$30	\$150	\$150	\$150	\$75	\$150	\$85	\$150	\$100	\$0	\$0	\$0	\$0	\$0	SO	\$100	\$0	80		\$0	\$50	\$111.00*	
230	468	752	684	1,991	1,738	808	4,513	3,685	7,109	32,035	40,172	5,820	11,173	2,331	40,884	1,692	1,960	1,503	312	197,345	46,499	35,494	279,338	
1901	158.7	1987	à	3.	16:1	(e)	34	9	,	31,432	40,172	5,820	11,173	2,331	40,884	1,692	657	1,503	312	135,976	46,499	29,024	211,499	
230	468	752	684	1,991	1,738	808	4,513	3,685	7,109	603			(4	(9)		*	1,303	ă.	Ä	61,369	•	6,470	62,839	
Level 5	Level 5	Level 5	Level 5	Level 5	Level 5	Level 6	Level 6	Level 6	Level 6	Level 5	Level 3	Level 2	Level 2	Level 2	Level 4,3,2	Level 2	Level 3,5,6	Level P1,2	Level 2		All Levels	. All Levels		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		DESCRIPTION OF THE PROPERTY.			
N/A	230	985	80	1,770	380	A/N	2,440	A/N	4,395	13,025	34,205	2,400	7,000	N/A	N/A	A/A	A/A	N/A	N/A	98,940	N/A	6,470	105,410	lare foot.
N/A	Level 1	Level 5	Level 5	Level 2,3,5	Level 5	Level 2,3,4,5	Level 1	MOB Level 2	Level 1	Level 5	Level 4,6	Level 0,6	Level 3	A/N	N/A	N/A	A/A	N/A	N/A		N. Complete Street			ost per squ
EVS-Laundry-Family Sleep Suite	Chapel	CPG (Intensivist) Offices	Formula Lab	Respiratory Care	PICU Support	Coordinator Offices	Neurology	Child Life, Social Work, Pastoral Office	Laboratory/Blood Bank	NICU	Surgery	Central Sterille	Specialty Clinic	IV IG Suite	Shell	Café	Support (Public Toilet, JC)	Materials Management (Expansion)	EVS (Expansion)-Laundry	B. Unit/Depart. GSF Sub- Total	C. Mechanical/ Electrical GSF	D. Circulation/ Structure GSF	E. Total GSF	* This is the average cost per square foot.

January 30, 2014 3:00pm

Attachment 4. B.III Plot Plan





January 30, 2014 3:00pm

Attachment 9. C-Economic Feasibility, Item 1
Contractor Letter

January 30, 2014 3:00pm



January 28, 2014

Mr. Rudy McKinley Vice President for Operations East Tennessee Children's Hospital Clinch Ave P O Box 15010 Knoxville, TN 37901-5010

RE: East Tennessee Children's Hospital Surgery and NICU Addition & Renovations Knox County, Tennessee BMa Project No. 132500

Dear Mr. McKinley:

Thank you for selecting BarberMcMurry architects as your Architect-of-Record for the above referenced project. This firm has provided you, under separate cover, preliminary single-line floor plans showing the proposed improvements described in the program and narratives. This project is being designed to meet the requirements of the Guidelines for Design and Construction of Health Care Facilities, 2010 edition; and it will be designed to meet all applicable building codes, as listed below:

Project Scope:

Free-standing addition to East Tennessee Children's Hospital, located within block south of the existing building. Two above-grade bridge structures will connect this building to the existing hospital.

About 20% of the existing hospital will undergo significant renovation work.

The new building includes one sub-basement mechanical floor, two levels of parking, one level of mechanical interstitial space, and four levels of clinical and support space.

Applicable Codes - City of Knoxville:

International Building Code, 2012 Edition
International Energy Conservation Code, 2012 Edition
International Fuel Gas Code, 2012 Edition
International Mechanical Code, 2012 Edition
International Plumbing Code, 2012 Edition
International Fire Code, 2012 Edition
National Electrical Code (NFPA 70), 2008 Edition
ICC/ANSI A117.1 Accessibility Code, 2009 Edition
Knoxville Code of Ordinances: CH 6, ART 1, SEC 6-5, Fire District

28 January 2014 Page 2 January 30, 2014 3:00pm

ETCH Surgery and NICU Addition CON Regulatory Information

Additional Codes-Tennessee Department of Health:

International Building Code, 2006 Edition
International Mechanical Code, 2006 Edition
International Plumbing Code, 2006 Edition
North Carolina Accessibility Code, 2004 Edition
FGI Guidelines For Construction Of Health Care Facilities, 2010 Edition
NFPA 101 Life Safety Code (LSC), 2006 Edition
NFPA 101 LSC (For CMS), 2000 Edition

Building Classifications:

IBC Occupancy: Group I-2, Institutional IBC Construction Type: Type 1B, Sprinklered

NFPA Occupancy (New Construction): New Health Care (LSC CH. 18) NFPA Occupancy (Renovated Areas): Existing Health Care (LSC CH. 19)

NFPA Construction Type: Type I (3 3 2)

Fire Protection:

Interior Bearing Walls: Not Applicable Columns: 2 or 3-hour protected Beams: 2 or 3-hour protected

Floor/Ceiling Assembly: 2-hour rated Roof/Ceiling Assembly: 1.5-hour rated Exterior Bearing Walls: Not Applicable

Shaft Enclosures: 2-hour rated

Occupancy Separation: Not Applicable

Zoning:

Zoning Jurisdiction: City of Knoxville

Zoned: O-1 (Office, Medical, & Related Services)

Sincerely,

BarberMcMurry architects LLC

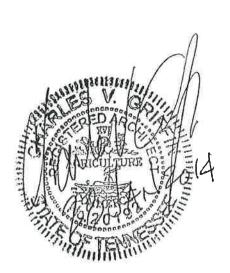
Charles V. Griffin, AIA

President

TN. License No. 020192

cc: File

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January 30, 2014 3:00pm

Attachment 11-12. C-Economic Feasibility, Item 4
Historical and Projected Data Charts

January 30, 2014

\$12,792,543

\$11,787,543

\$26,407,874

\$25,357,874

HISTORICAL DATA CHART

3:00pm

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in June. Year 2011 **Year 2012 Year 2013** 70,890 72,725 Utilization Data (Specify unit of measure) Adjusted 75,383 patient days B. Revenue from Services to Patients \$178,495,814 \$216,304,313 \$222,826,251 Inpatient Services 1. \$143,882,284 \$147,676,412 \$159,272,338 Outpatient Services 2. \$29,678,387 \$26,369,350 \$33,636,507 **Emergency Services** 3. \$3,474,883 \$3,600,050 \$5,850,203 Other Operating Revenue-parking, cafeteria, gift 4. shop, etc. \$355,531,368 \$393,950,125 **Gross Operating Revenue** \$421,585,299 Deductions from Gross Operating Revenue \$197,256,126 \$229,031,006 \$209,936,056 Contractual Adjustments 1. \$948,000 \$1,131,609 \$962,359 Provision for Charity Care 2. \$3,927,046 \$4,110,085 \$3,691,343 3. Provisions for Bad Debt \$202,131,172 \$215,177,750 \$233,684,708 **Total Deductions** \$153,400,196 \$178,772,375 \$187,900,591 **NET OPERATING REVENUE** D. **Operating Expenses** \$65,396,820 \$72,161,335 \$75,246,800 Salaries and Wages \$2,260,294 \$3,085,265 \$4,745,894 Physician's Salaries and Wages 2. \$21,718,340 \$24,636,401 \$26,936,735 Supplies 3. \$451,085 \$508,139 \$489,637 Taxes 4. \$6,650,391 \$7,175,490 \$7,666,801 Depreciation 5. \$191,507 \$298,341 \$308,341 Rent 6. \$2,254,639 \$2,275,668 \$2,181,202 Interest, other than Capital 7. Management Fees: 8. -0--0--0-Fees to Affiliates -0--0--0-Fees to Non-Affiliates \$37,053,083 \$39,482,479 \$41,668,070 Other Expenses - Specify on separate page 12 9. \$135,997,188 \$149,602,089 **Total Operating Expenses** \$159,243,480 \$4,610,465 \$2,762,412 Other Revenue (Expenses) - Net (Specify) Physician \$1,140,998 E. Expense \$12,792,543 \$26,407,874 \$27,516,113 **NET OPERATING INCOME (LOSS)** Capital Expenditures \$1,005,000 \$1,050,000 \$1,100,000 Retirement of Principal 1. -0--()--()-2. Interest \$1,050,000 \$1,005,000

Total Capital Expenditures

\$1,100,000

\$27,516,113

\$26,416,113

NET OPERATING INCOME (LOSS)

LESS CAPITAL EXPENDITURES

DDO	TECTED	DATA	CHART

				4.4	
				7	EMENTAL-#1
Give	inform	PRO nation for the two (2) years following	DJECTED DATA CHART the completion of this proposal.	The fiscal year beg	
A.	Utili	zation Data (Specify unit of measure)	Adjusted Patient Days	77,635	78,799
В.	Reve	nue from Services to Patients			
	1.	Inpatient Services		\$247,282,982	\$258,521,993
	2.	Outpatient Services		\$181,199,957	\$195,122,856
	3.	Emergency Services		\$37,303,977	\$38,999,442
	4.	Other Operating Revenue (Specify) etc.	parking, cafeteria, gift shop,	\$3,984,403	\$4,044,169
		cic.	Gross Operating Revenue	\$469,771,319	\$496,688,460
C.	Dedu	actions from Gross Operating Revenue	e		
	1.	Contractual Adjustments		\$278,480,646	\$297,496,437
	2.	Provision for Charity Care		\$1,397,361	\$1,477,933
	3.	Provisions for Bad Debt		\$5,589,443	\$5,911,732
			Total Deductions	\$285,467,450	\$304,886,102
NET	OPE	RATING REVENUE		\$184,303,869	\$191,802,358
D.	Oper	rating Expenses			
	1.	Salaries and Wages		\$83,724,444	\$85,598,433
	2.	Physician's Salaries and Wages		\$5,300,565	\$5,406,576
	3.	Supplies		\$31,504,246	\$33,309,388
	4.	Taxes		\$489,113	\$489,113
	5.	Depreciation		\$9,442,547	\$11,888,976
	6.	Rent		\$350,048	\$357,049
	7.	Interest, other than Capital		\$1,602,300	\$3,560,000
	8.	Management Fees: a. Fees to Affiliates		-0-	-0-
	0	b. Fees to Non-Affiliates	4 10	-0-	-0-
	9.	Other Expenses – Specify on separar	Total Operating Expenses	\$42,427,227 \$174,840,490	\$43,739,520 \$184,349,055
E.	Otho	r Revenue (Expenses) Net (Specify		\$1,067,755	\$1,089,110
		RATING INCOME (LOSS)) Physician Expense	\$8,395,624	\$6,364,193
F.		tal Expenditures		ψ0,393,024	Ψ 0,0 0 4,2 90
1.	1.	Retirement of Principal		\$2,110,000	\$2,270,000
	2.	Interest		\$2,117,700	-O-
			Total Capital Expenditures	\$4,227,700	\$2,270,000
	S CAI	RATING INCOME (LOSS) PITAL EXPENDITURES		\$8,395,624 \$4,167,924	\$6,364,193 \$4,094,193

January 30, 2014 3:00pm

HISTORICAL DATA CHART-OTHER EXPENSES

OT	HER EXPENSES CATEGORIES	Year 2013	Year 2012	Year 2011
1.	Employee Benefits	\$21,924,378	\$21,267,202	\$19,353,084
2.	Professional Fees	\$9,726,173	\$9,134,075	\$8,761,189
3.	Utilities and Insurance	\$3,956,437	\$3,945,371	\$3,834,870
4.	Repairs and Service	\$4,342,084	\$3,962,307	\$3,886,546
5.	Interest	-0-	-0-	-0-
6.	Education and Dues	\$1,414,347	\$811,040	\$927,390
7.	Other	\$304,651	\$362,484	\$290,004
	Total Other Expenses	\$41,668,070	\$39,482,479	\$37,053,083

PROJECTED DATA CHART-OTHER EXPENSES

OT	HER EXPENSES CATEGORIES	Year 2017	Year 2018
1.	Employee Benefits	\$23,442,844	\$23,967,561
2.	Professional Fees	\$8,057,871	\$8,219,028
3.	Utilities and Insurance	\$4,500,898	\$5,590,916
4.	Repairs and Service	\$5,014,235	\$4,514,235
5.	Interest	\$-0-	\$-0-
6.	Education and Dues	\$1,177,093	\$1,200,635
7.	Other	\$234,286	\$247,145
	Total Other Expenses	\$42,427,227	\$43,739,520

January 30, 2014 3:00pm

Attachment 15. Section C-Orderly Development, Item 7.b Joint Commission Survey Summary

January 30, 2014 3:00pm

East Tennessee Children's Hospital Association, Inc. 2018 Clinch Avenue Knoxville, TN 37916

Organization Identification Number: 7849

Program(s)
Hospital Accreditation
Home Care Accreditation

Survey Date(s) 11/06/2012-11/08/2012

Executive Summary

As a result of the survey conducted on the above date(s), the following survey findings have been identified. Your official report will be posted to your organization's confidential extranet site. It will contain specific follow-up instructions regarding your survey findings.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

Organization Identification Number: 7849

Page 1 of 18

The Joint Commission Summary of Findings

January 30, 2014 3:00pm

DIRECT Impact Standards:

Program:	Hospital Accreditation Program		
Standards:	LS.02.01.20	EP1	
	NPSG.03.04.01	EP3	
	PC.01.03.01	EP1	
	PC.02.01.11	EP2	

INDIRECT Impact Standards:

_	Hospital Accreditation Program EC.02.02.01 EC.02.04.03	EP9
Standards:	EC.02.04.03	
		EP3
	EC.02.05.01	EP1
	IC.02.02.01	EP4
	LD.04.01.05	EP4
	LD.04.03.09	EP4
	LS.02.01.10	EP9
	LS.02.01.35	EP6
	MS.01.01.01	EP3,EP16
	MS.06.01.03	EP5
	MS.08.01.03	EP3
Program:	Home Care Accreditation Program	
Standards:	HR.01.02.05	EP1

The Joint Commission **Summary of CMS Findings**

January 30, 2014 3:00pm

CoP:

§482.22

Tag: A-0338

Deficiency:

Standard

Corresponds to:

HAP

Text:

§482.22 Condition of Participation: Medical staff

The hospital must have an organized medical staff that operates under bylaws approved by the governing body and is responsible for the quality of medical care provided to patients by the

CoP Standard	Tag	Corresponds to	Deficiency
§482.22(c)(5)(i)	A-0358	HAP - MS.01.01.01/EP16	Standard
§482.22(a)(1)	A-0340	HAP - MS.08.01.03/EP3	Standard

CoP:

Text:

§482.23

Tag: A-0385

Deficiency:

Standard

Corresponds to:

HAP

§482.23 Condition of Participation: Nursing Services

The hospital must have an organized nursing service that provides 24-hour nursing services. The

nursing services must be furnished or supervised by a registered nurse.

CoP Standard	Tag	Corresponds to	Deficiency
§482.23(b)(4)	A-0396	HAP - PC.01.03.01/EP1	Standard

CoP:

§482.41

Tag: A-0700

Deficiency:

Standard

Corresponds to:

HAP

Text:

§482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to

the needs of the community.

CoP Standard	Tag	Corresponds to	Deficiency
§482.41(c)(4)	A-0726	HAP - EC.02.02.01/EP9	Standard
§482.41(b)(1)(i)	A-0710	HAP - LS.02.01.10/EP9, LS.02.01.20/EP1, LS.02.01.35/EP6	Standard

CoP:

§482.51

Tag: A-0940

Deficiency: Standard

Corresponds to: HAP

Text:

§482.51 Condition of Participation: Surgical Services

If the hospital provides surgical services, the services must be well organized and provided in accordance with acceptable standards of practice. If outpatient surgical services are offered the services must be consistent in quality with inpatient care in accordance with the complexity of

services offered.

CoP Standard	Tag	Corresponds to	Deficiency
§482.51(b)	A-0951	HAP - IC.02.02.01/EP4	Standard

The Joint Commission **Summary of CMS Findings**

January 30, 2014 3:00pm

CoP:

§482.53

Tag: A-1026

Deficiency:

Standard

Corresponds to: HAP

Text:

§482.53 Condition of Participation: Nuclear Medicine Services

If the hospital provides nuclear medicine services, those services must meet the needs of the

patients in accordance with acceptable standards of practice.

CoP Standard	Tag	Corresponds to	Deficiency
§482.53(c)(2)	A-1045	HAP - EC.02.04.03/EP3	Standard

CoP:

§482.12

Tag: A-0043

Deficiency:

Standard

Corresponds to: HAP

Text:

§482.12 Condition of Participation: Governing Body

There must be an effective governing body that is legally responsible for the conduct of the hospital. If a hospital does not have an organized governing body, the persons legally responsible for the conduct of the hospital must carry out the functions specified in this part that pertain to the governing body. The governing body (or the persons legally responsible for the conduct of the hospital and carrying out the functions specified in this part that pertain to the governing body) must

include a member, or members, of the hospital's medical staff.

CoP Standard	Tag	Corresponds to	Deficiency
§482.12(e)	A-0083	HAP - LD.04.03.09/EP4	Standard
§482.12(a)(3)	A-0047	HAP - MS.01.01.01/EP3	Standard

The Joint Commission **Findings**

January 30, 2014 3:00pm

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.02.01

Standard Text:

The hospital manages risks related to hazardous materials and waste.

Primary Priority Focus Area:

Equipment Use

Element(s) of Performance:

9. The hospital minimizes risks associated with selecting, handling, storing, transporting, using, and disposing of hazardous gases and vapors. Note: Hazardous gases and vapors include, but are not limited to, glutaraldehyde, ethylene oxide, vapors generated while using cauterizing equipment and lasers, and gases such as nitrous oxide.



Scoring Category :C

Score:

Partial Compliance

Observation(s):

§482.41(c)(4) - (A-0726) - (4) There must be proper ventilation, light, and temperature controls in pharmaceutical, food preparation, and other appropriate areas.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the Hospital deemed service.

The rooftop exhaust vent for the medical vacuum system was not identified with a biohazard label.

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the Hospital deemed service.

The roof top exhaust vent for the isolation rooms was not identified with a blohazard label.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.04.03

Standard Text:

The hospital inspects, tests, and maintains medical equipment.

Primary Priority Focus Area:

Equipment Use

Element(s) of Performance:

3. The hospital inspects, tests, and maintains non-life-support equipment identified on the medical equipment inventory. These activities are documented. (See also EC.02.04.01, EPs 2-4 and PC.02.01.11, EP 2)



Scoring Category :C

Score:

Insufficient Compliance

Observation(s):

The Joint Commission **Findings**

January 30, 2014 3:00pm

EP 3

§482.53(c)(2) - (A-1045) - (2) Inspected, tested and calibrated at least annually by qualified personnel.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service.

During the individual tracer conducted on the Pediatric ICU, it was noted that a fluid warmer was due for inspection in October 2012 and had not been completed.

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service.

During the individual tracer conducted in the Pediatric ICU, it was noted that a pulse oximeter did not have a biomedical equipment sticker that provided information on when the oximeter had been inspected, tested, or calibrated. When questioned, nursing staff could not articulate how they determined if the equipment was safe for use.

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service. During the individual tracer in the Pediatric ICU, it was noted that a portable suction machine did not have a biomedical sticker to determine if the equipment had been inspected, tested, or calibrated.

Chapter:

Environment of Care

Program:

Hospital Accreditation

Standard:

EC.02.05.01

Standard Text:

The hospital manages risks associated with its utility systems.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

1. The hospital designs and installs utility systems that meet patient care and operational needs. (See also EC.02.06.05, EP 1)



Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

EP 1

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site. The hospitals Medical Gas storage/manifold room is located indoors. The quantity of nonflammable gases in storage plus connected to the manifold is greater than 3000 cubic feet. There is not a means for mechanical ventilation to draw air within one foot of the floor level. Reference NFPA 99 5.1.3.3.3

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site. The hospital does not have an Emergency Oxygen Supply connection. Reference NFPA 99 4-3 1.1.1.8

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site. In the hospital's locations designated as their 24/7 monitoring stations, an annunciator for the emergency generator status conditions is not provided. Reference NFPA 99 3-4 1.1.1.15

Chapter:

Infection Prevention and Control

Program:

Hospital Accreditation

Standard:

IC.02.02.01

Organization Identification Number: 7849

Page 6 of 18

The Joint Commission **Findings**

January 30, 2014 3:00pm

Standard Text:

The hospital reduces the risk of infections associated with medical equipment,

devices, and supplies.

Primary Priority Focus Area:

Infection Control

Element(s) of Performance:

4. The hospital implements infection prevention and control activities when doing the following: Storing medical equipment, devices, and supplies.



Scoring Category :C

Score:

Partial Compliance

Observation(s):

§482.51(b) - (A-0951) - §482.51(b) Standard: Delivery of Service

Surgical services must be consistent with needs and resources. Policies governing surgical care must be designed to assure the achievement and maintenance of high standards of medical practice and patient care.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service.

Sterile packs are stored in the ED and are not being monitored for temperature or humidity. Reference ANSI/AAMI ST79:2010 8.9.2 Sterile items should be stored in a manner that reduces the potential for contamination. In general, the temperature in storage areas should be approximately 24°C (75°F). There should be at least 4 air exchanges per hour, and relative humidity should be controlled so that it does not exceed 70% (AIA, 2006)... 8.9.3 The shelf life of a packaged sterile item is event-related and depends on the quality of the packaging material, the storage conditions, the conditions during transport, and the amount of handling. Shelf life is not simply a matter of sterility maintenance but is also a function of device degradation and inventory control. There should be written policies and procedures for how shelf life is determined and how it is indicated on the product....

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site. In the Multi specialty clinic a specimen container used for pap smears expired on 10/14/12. It was still available for use during the survey.

Chapter:

Leadership

Program:

Hospital Accreditation

Standard:

LD.04.01.05

Standard Text:

The hospital effectively manages its programs, services, sites, or departments.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

4. Staff are held accountable for their responsibilities.

Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

The Joint Commission **Findings**

January 30, 2014 3:00pm

EP 4

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site. While the air pressure in the operating room #8 was positive, staff interviews revealed the organization performed bronchoscopy procedures in this room. Additionally bronchoscopy procedures are being performed in Endoscopy rooms 1 and 3. These endoscopy rooms, used primarily for GI endoscopies, are by regulation a positive pressure environment. AIA standards require bronchoscopies to be performed in a negative pressure environment with a minimum of 12 air changes per hour. Leadership did not insure that bronchcoscopy procedures were performed in an appropriate environment as required by regulation.

Chapter:

Leadership

Program:

Hospital Accreditation

Standard:

LD.04.03.09

Standard Text:

Care, treatment, and services provided through contractual agreement are

provided safely and effectively.

Primary Priority Focus Area:

Information Management

Element(s) of Performance:

4. Leaders monitor contracted services by establishing expectations for the

performance of the contracted services.

Note 1: In most cases, each licensed independent practitioner providing services through a contractual agreement must be credentialed and privileged by the hospital using their services following the process described in the 'Medical Staff' (MS) chapter. Note 2: For hospitals that do not use Joint Commission accreditation for deemed status purposes: When the hospital contracts with another accredited organization for patient care, treatment, and services to be provided off site, it can do the following: Verify that all licensed independent practitioners who will be providing patient care,

treatment, and services have appropriate privileges by obtaining, for example, a copy of the list of privileges.

- Specify in the written agreement that the contracted organization will ensure that all contracted services provided by licensed independent practitioners will be within the scope of their privileges.

Note 3: For hospitals that use Joint Commission accreditation for deemed status purposes: The leaders who monitor the contracted services are the governing body.

Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

EP 4

§482.12(e) - (A-0083) - §482.12(e) Standard: Contracted Services

The governing body must be responsible for services furnished in the hospital whether or not they are furnished under contracts. The governing body must ensure that a contractor of services (including one for shared services and joint ventures) furnishes services that permit the hospital to comply with all applicable conditions of participation and standards for the contracted services.

This Standard is NOT MET as evidenced by:

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service.

The hospital has not fully implemented the process of monitoring care, treatment, and services provided through contractual agreement to ensure they are provided safely and effectively. The hospital has implemented this standard with their Team Health contract and plans on reviewing the other clinical contracts.

The Joint Commission **Findings**

January 30, 2014 3:00pm

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02,01.10

Standard Text:

Building and fire protection features are designed and maintained to minimize the

effects of fire, smoke, and heat.

Primary Priority Focus Area:

Physical Environment

Element(s) of Performance:

9. The space around pipes, conduits, bus ducts, cables, wires, air ducts, or pneumatic tubes that penetrate fire-rated walls and floors are protected with an approved firerated material.



Note: Polyurethane expanding foam is not an accepted fire-rated material for this purpose. (For full text and any exceptions, refer to NFPA 101-2000: 8.2.3.2.4.2)

Scoring Category :C

Score:

Partial Compliance

Observation(s):

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service.

At the critical care waiting area room at the fire rated separation of the waiting areas, a penetration of the 30 minute FRR exists due to a low voltage cable not having approved FRR material applied to seal the gap around the cable and the

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service.

In the imaging department adjacent to the radiology manager/RSO office, there is a penetration in the one hour FRR smoke barrier due to a 1 1/5 inch conduit sleeve containing low voltage wiring not protected with an approved fire rated material.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

LS.02.01.20

Standard Text:

The hospital maintains the integrity of the means of egress.

Primary Priority Focus Area: Physical Environment

Organization Identification Number: 7849

Page 9 of 18

The Joint Commission **Findings**

January 30, 2014 3:00pm

Element(s) of Performance:

1. Doors in a means of egress are unlocked in the direction of egress. (For full text and any exceptions, refer to NFPA 101-2000: 18/19.2.2.2.4)



Scoring Category :A

Score:

Insufficient Compliance

Observation(s):

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the

Hospital deemed service.

The egress double doors to the emergency department from elevator lobby D on the 1st floor are access controlled and require a key card. A lighted exit sign is mounted directly above the doors designating this is a path of egress. The location is a public corridor.

Chapter:

Life Safety

Program:

Hospital Accreditation

Standard:

L\$.02.01.35

Standard Text:

The hospital provides and maintains systems for extinguishing fires.

Primary Priority Focus Area: Physical Environment

Element(s) of Performance:

6. There are 18 inches or more of open space maintained below the sprinkler deflector to the top of storage.



Note: Perimeter wall and stack shelving may extend up to the ceiling when not located directly below a sprinkler head. (For full text and any exceptions, refer to NFPA 13-1999; 5-8.5.2.1)

Scoring Category :C

Score:

Partial Compliance

Observation(s):

The Joint Commission **Findings**

January 30, 2014 3:00pm

EP 6

§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.

This Standard is NOT MET as evidenced by:

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the Hospital deemed service.

In the store room the moveable shelves located in the center of the room have storage that is within 18 inches of the sprinkler deflector.

Observed in Building Tour at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the Hospital deemed service.

In the pharmacy a moveable storage shelf supports storage that is within 18 inches of the sprinkler deflector.

Chapter:

Medical Staff

Program:

Hospital Accreditation

Standard:

MS.01.01.01

Standard Text:

Medical staff bylaws address self-governance and accountability to the

governing body.

Primary Priority Focus Area:

Organization Identification Number: 7849

Credentialed Practitioners

JPPLEMENTAL-#1

January 30, 2014 3:00pm

The Joint Commission Findings

Element(s) of Performance:

3. Every requirement set forth in Elements of Performance 12 through 36 is in the medical staff bylaws. These requirements may have associated details, some of which 2 may be extensive; such details may reside in the medical staff bylaws, rules and regulations, or policies. The organized medical staff adopts what constitutes the associated details, where they reside, and whether their adoption can be delegated. Adoption of associated details that reside in medical staff bylaws cannot be delegated. For those Elements of Performance 12 through 36 that require a process, the medical staff bylaws include at a minimum the basic steps, as determined by the organized medical staff and approved by the governing body, required for implementation of the requirement. The organized medical staff submits its proposals to the governing body for action. Proposals become effective only upon governing body approval. (See the 'Leadership' (LD) chapter for requirements regarding the governing body's authority and conflict management processes.)

Note: If an organization is found to be out of compliance with this Element of Performance, the citation will occur at the appropriate Element(s) of Performance 12

through 36.

Scoring Category : A

Score:

Insufficient Compliance

16. For hospitals that use Joint Commission accreditation for deemed status purposes: The medical staff bylaws include the following requirements, in accordance with Element of Performance 3: The requirements for completing and documenting medical histories and physical examinations. The medical history and physical examination are completed and documented by a physician, an oralmaxillofacial surgeon, or other qualified licensed individual in accordance with state law and hospital policy. (For more information on performing the medical history and physical examination, refer to MS.03.01.01, EPs 6-11.)

Note 1: The definition of 'physician' is the same as that used by the Centers for

Medicare & Medicaid Services (CMS) (refer to the Glossary).

Note 2: The requirements referred to in this element of performance are, at a minimum, those described in the element of performance and Standard PC.01.02.03, EPs 4 and 5.

Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

The Joint Commission Findings

January 30, 2014 3:00pm

EP 3

§482.12(a)(3) - (A-0047) - [The governing body must:]

(3) Assure that the medical staff has bylaws;

This Standard is NOT MET as evidenced by:

Observed in Medical Management Session at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the Hospital deemed service.

Review of the medical staff bylaws revealed that they did not include the requirements needed to comply with

MS.01.01.01 EP 16.

§482.22(c)(5)(i) - (A-0358) - (i) A medical history and physical examination be completed and documented for each patient no more than 30 days before or 24 hours after admission or registration, but prior to surgery or a procedure requiring anesthesia services. The medical history and physical examination must be completed and documented by a physician (as defined in section 1861(r) of the Act), an oromaxillofacial surgeon, or other qualified licensed individual in accordance with State law and hospital policy.

This Standard is NOT MET as evidenced by:

Observed in Medical Management Session at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN)

site for the Hospital deemed service.

During review of the bylaws, it was determined that they did not include all of the requirements for completing and documenting medical histories and physicals. Although there was some language addressing "who" can perform a history and physical and the "timeliness" for completion, this language was incomplete. In addition, requirements for "updates", "outpatient procedures" and any requirements for "countersignatures" were not addressed.

Chapter:

Medical Staff

Program:

Hospital Accreditation

Standard:

MS.06.01.03

Standard Text:

The hospital collects information regarding each practitioner's current license

status, training, experience, competence, and ability to perform the requested

privilege.

Primary Priority Focus Area:

Credentialed Practitioners

Element(s) of Performance:

5. The hospital verifies that the practitioner requesting approval is the same practitioner identified in the credentialing documents by viewing one of the following:



- A current picture hospital ID card

- A valid picture ID issued by a state or federal agency (e.g., driver's license or passport)

Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

EP 5

Observed in Medical Management Session at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN)

Discussion with staff revealed that the hospital did not have a process in place to do a primary verification of a provider requesting to be credentialed, by viewing a valid ID.

Chapter:

Medical Staff

Program:

Hospital Accreditation

Organization Identification Number: 7849

Page 13 of 18

The Joint Commission Findings

January 30, 2014 3:00pm

Standard:

MS.08.01.03

Standard Text:

Ongoing professional practice evaluation information is factored into the decision to maintain existing privilege(s), to revise existing privilege(s), or to revoke an

existing privilege prior to or at the time of renewal.

Primary Priority Focus Area:

Credentialed Practitioners

Element(s) of Performance:

3. The process for the ongoing professional practice evaluation includes the following: Information resulting from the ongoing professional practice evaluation is used to determine whether to continue, limit, or revoke any existing privilege(s).



Scoring Category:A

Score:

Insufficient Compliance

Observation(s):

ED 3

§482.22(a)(1) - (A-0340) - (1) The medical staff must periodically conduct appraisals of its members.

This Standard is NOT MET as evidenced by:

Observed in Medical Management Session at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the Hospital deemed service.

Review of the hospital's OPPE process revealed that data is periodically collated and given to individual providers. However, the data is not currently being used on every occasion it is collated, to make evaluations and determinations regarding privileging.

Chapter:

National Patient Safety Goals

Program:

Hospital Accreditation

Standard:

NPSG.03.04.01

Standard Text:

Label all medications, medication containers, and other solutions on and off the

sterile field in perioperative and other procedural settings.

Note: Medication containers include syringes, medicine cups, and basins.

Primary Priority Focus Area:

Medication Management

Element(s) of Performance:

3. In perioperative and other procedural settings both on and off the sterile field, medication or solution labels include the following:



- Medication name
- Strength
- Quantity
- Diluent and volume (if not apparent from the container)
- Expiration date when not used within 24 hours
- Expiration time when expiration occurs in less than 24 hours

Note: The date and time are not necessary for short procedures, as defined by the hospital.

Scoring Category :A

Score:

Insufficient Compliance

Observation(s):

Organization Identification Number: 7849

Page 14 of 18

The Joint Commission **Findings**

January 30, 2014 3:00pm

EP 3

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site. During an individual tracer of a patient undergoing a procedure, observation of the label on a syringe used to administer Fentanyl revealed that the medication strength (concentration) was not documented on the label.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.01.03.01

Standard Text:

The hospital plans the patient's care.

Primary Priority Focus Area:

Assessment and Care/Services

Element(s) of Performance:

1. The hospital plans the patient's care, treatment, and services based on needs identified by the patient's assessment, reassessment, and results of diagnostic testing. (See also RC.02.01.01, EP 2)



Scoring Category :C

Score:

Partial Compliance

Observation(s):

§482.23(b)(4) - (A-0396) - (4) The hospital must ensure that the nursing staff develops, and keeps current, a nursing care plan for each patient. The nursing care plan may be part of an Interdisciplinary care plan.

This Standard is NOT MET as evidenced by:

Observed in Infection Control Tracer at Children's Home Health Care (11227 West Point Drive, Farragut, TN) site for the

Hospital deemed service.

During the infection control tracer conducted on a patient located on 2 West, it was noted that the patient's plan of care did not contain information related to the the patient being on droplet and contact isolation. The plan of care did not contain information or education that was provided to the parents of the patient.

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site for the Hospital deemed service.

A patient admitted for the inability to maintain body temperature did not have thermo regulation included in the plan of care even though interventions to achieve thermo regulation where being performed. This is a documentation issue and not a patient care issue.

Chapter:

Provision of Care, Treatment, and Services

Program:

Hospital Accreditation

Standard:

PC.02.01.11

Standard Text:

Resuscitation services are available throughout the hospital.

Primary Priority Focus Area: Assessment and Care/Services

The Joint Commission Findings

January 30, 2014 3:00pm

Element(s) of Performance:

2. Resuscitation equipment is available for use based on the needs of the population served.



Note: For example, if the hospital has a pediatric population, pediatric resuscitation equipment should be available. (See also EC.02.04.03, EPs 2 and 3)

Scoring Category : A

Score:

Insufficient Compliance

Observation(s):

EP 2

Observed in Individual Tracer at East Tennessee Children's Hospital (2018 Clinch Avenue, Knoxville, TN) site. During the individual patient tracer conducted on the Pediatric ICU, an intubation cart was noted. When questioned, the unit leadership noted this cart was used in emergencies, restocked after use, but was not checked daily as other emergency carts were checked.

Chapter:

Human Resources

Program:

Home Care Accreditation

Standard:

HR.01.02.05

Standard Text:

The organization verifies staff qualifications.

Primary Priority Focus Area:

Credentialed Practitioners

Element(s) of Performance:

1. When law or regulation requires care providers to be currently licensed, certified, or registered to practice their professions, the organization both verifies these credentials with the primary source and documents this verification when a provider is hired and when his or her credentials are renewed. (See also HR.01.02.07, EP 2)

Note 1: It is acceptable to verify current licensure, certification, or registration with the primary source via a secure electronic communication or by telephone, if this verification is documented. This verification is obtained from the appropriate state licensing or certification board, at the time of hire and at the time of renewal of credentials.

Note 2: A primary verification source may designate another agency to communicate credentials information. The designated agency can then be used as a primary source. Note 3: An external organization (for example, a credentials verification organization [CVO]) may be used to verify credentials information. A CVO must meet the CVO guidelines identified in the Glossary.

Scoring Category :A

Score:

Insufficient Compliance

Observation(s):

Δ

The Joint Commission Findings

January 30, 2014 3:00pm

EP 1

Observed in HR File Review at Children's Home Health Care (11227 West Point Drive, Farragut, TN) site.

Observed in Human Resource file review, Nurse Surveyor noted that a primary source verification was not conducted upon license renewal of the Occupational Therapist.

Observed in HR File Review at Children's Home Health Care (11227 West Point Drive, Farragut, TN) site.

Observed in Human Resource file review, Nurse Surveyor noted that a primary source verification was not conducted upon license renewal of an RN.

Observed in HR File Review at Children's Home Health Care (11227 West Point Drive, Farragut, TN) site. Observed in Human Resource file review, Nurse Surveyor noted that a primary source verification was not conducted upon license renewal of a Pharmacist.

Observed in HR File Review at Children's Home Health Care (11227 West Point Drive, Farragut, TN) site. Observed in Human Resource file review, Nurse Surveyor noted that a primary source verification was not conducted upon license renewal of the Director of Home Care.

The Joint Commission

January 30, 2014 3:00pm

SUPPLEMENTAL- # 1 January 30, 2014 3:00pm

AFFIDAVIT

STATE OF TENNESSEE
COUNTY OF DAVIDSON

NAME OF FACILITY: EAST TENNESSEE CHILDREN'S HOSPITAL

I, KIM H. LOONEY, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title

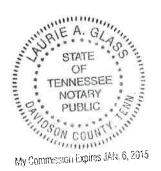
Sworn to and subscribed before me, a Notary Public, this the 30th day of January, 2014, witness my hand at office in the County of Davidson State of Tennessee.

NOTARYPUBLIC

My commission expires January 6, 2015

HF-0043

Revised 7/02





State of Tennessee Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243 www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

Kim H. Looney Attorney Waller Lansden Dirth & Davis LLP 511 Union Street, Suite 2700 Nashville, TN 37219

RE: Certificate of Need Application CN1401-002

East Tennessee Children's Hospital

Dear Ms. Looney:

This will acknowledge our January 15, 2014 receipt of your application for a Certificate of Need for the renovation and expansion of the NICU, Neonatal Abstinence Syndrome Unit, Perioperative Services and Specialty Clinic located on the hospital's campus at 2018 Clinic Avenue, Knoxville (Knox County), TN 37916.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

<u>Please submit responses in triplicate by 12:00 noon, Wednesday, January 29, 2014.</u> If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A., Applicant Profile, Item 4

The East Tennessee Children's list of Board of Directors as of 2009 is noted. Please clarify if this list is currently accurate.

2. Section A., Applicant Profile, Item 13

Please clarify if the applicant is currently contracted with BlueCare, TennCare Select, United Healthcare Community Plan, and AmeriGroup. It was unclear in the application if the applicant has already contracted, or plans to contract with these organizations.

3. Section B.II.A., Project Description

Please describe neonatal abstinence syndrome (NAS).

The applicant states the NAS baby occurrence is anticipated to decline. What are the factors involved and projected rates of decline?

What are the future plans for the 40,900 square feet of shelled space?

The applicant states the new building will be five stories. Is the structure built in a way to add additional stories in the future? If so, how many? If not, where will future expansion occur?

There appears to be calculation errors in the Square Footage and Cost per Square Footage Chart in the GSF subtotal for the proposed final square footage "renovated" and "total" columns. If needed, please resubmit.

Please total the existing square SF column of the Square Footage and Cost per Square Footage Chart.

Please clarify if the East Tennessee Children's Hospital proposed expansion and renovation will meet or exceed the latest Tennessee Perinatal Care System, Guidelines for Regionalization Hospital Care Levels, Staffing and Facilities standards.

Please clarify what will happen to the NICU unit area at the existing facility when it is relocated to the newly constructed hospital.

What will happen to existing ORs? How many ORs are there now, and how many will there be after completion of the project?

Please complete the following charts:

Current Building

Location	Description of Services	# of inpatient beds	Type of beds
Floor One			
Floor Two			
Floor Three			
Floor Four			

Current Building after Completion of the Proposed Project

Location	Description of Services	# of inpatient beds	Type of beds
Floor One			
Floor Two			
Floor Three			
Floor Four			

New Building

Location	Description of Services	# of inpatient Type of beds beds
Floor One		
Floor Two		
Floor Three		
Floor Four		

Floor five		
Floor Six		

4. Section B. III., Project Description (Plot Plan)

Please submit a revised plot plan that reflects the size of the site.

5. Section B. IV., Project Description (Floor Plan)

The floor plan is noted. However, please note private and semi-private patient care rooms.

6. Section C, Need, Item 1.

STATE HEALTH PLAN

Tennessee Code Annotated Section 68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/finance/healthplanning/). The State Health Plan guides the state in the development of health care programs and policies and in the allocation of health care resources in the state, including the Certificate of Need program. The 5 Principles for Achieving Better Health form the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Please discuss how the proposed project will relate to the <u>5 Principles for Achieving Better Health</u> found in the State Health Plan. Each Principle is listed below with example questions to help the applicant in its thinking.

- 1. The purpose of the State Health Plan is to improve the health of Tennesseans.
 - a. How will this proposal protect, promote, and improve the health of Tennesseans over time?
 - b. What health outcomes will be impacted and how will the applicant measure improvement in health outcomes?
 - c. How does the applicant intend to act upon available data to measure its contribution to improving health outcomes?
- 2. Every citizen should have reasonable access to health care.
 - a. How will this proposal improve access to health care? You may want to consider geographic, insurance, use of technology, and disparity issues (including income disparity), among others.
 - b. How will this proposal improve information provided to patients and referring physicians?
 - c. How does the applicant work to improve health literacy among its patient population, including communications between patients and providers?

- 3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.
 - a. How will this proposal lower the cost of health care?
 - b. How will this proposal encourage economic efficiencies?
 - c. What information will be made available to the community that will encourage a competitive market for health care services?
- 4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.
 - a. How will this proposal help health care providers adhere to professional standards?
 - b. How will this proposal encourage continued improvement in the quality of care provided by the health care workforce?
- 5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.*
 - a. How will this proposal provide employment opportunities for the health care workforce?
 - b. How will this proposal complement the existing Service Area workforce?

7. Section C, Need, Item 4.A.

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

Variable	Anderson	Blount	Hamblen	Jefferson	Loudon	Roane	Sevier	Кпох	Total PSA	Campbell	Claiborne	Cocke	Cumberland	Fentress	Grainger	Monroe	Morgan	Pickett	Scott	Union	Total SSA	Service Area	TN
Current Year (CY), Age 65+																							
Projected Year (PY), Age 65+																							
Projected Year (PY), Age 65+ Age 65+,																							

% Change			
Age 65+			
Age 65+, % Total	B #		
(PY)			
CY. Total			
Populati			
on	(8)		
PY, Total			
Populati			
on Total			
Don %			
Change			
Pop. % Change TennCare			
Enrollees			
TennCare			
Enrollees			
as a % of Total			
Total	100		
Populati			
on			
	7 = E		
Age Median	Wash		
Househol			
d Income			
Populati on %	43/2		
on'%	13.3		
Below	54		
Poverty			
Level			

8. Section C, Need, Item 6

Please include detailed calculations or documentation from referral sources, and identification of all assumptions regarding the methodology in projecting utilization.

Please complete the following table for Surgical Trends and Utilization (Cases):

		Historic	al		Interim	Year 1	Year 2	
	2011	2012	2013	2014	2015	2016	2017	2018
IP Surgery								
OP Surgery								
Total Surgery								

9. Section C, Economic Feasibility, Item 1

The letter supporting construction costs is noted. However please revise to include the project will meet all 2010 AIA standards, licensure rules, building codes, etc.

10. Section C, Economic Feasibility, Item 2

It is noted the proposed project will be funded by tax-exempt bonds and cash reserves. Approximately what percentage will be funded by tax-exempt bonds and by cash reserves?

11. Section C., Economic Feasibility, Item 4 (Historical and Projected Data Charts)

The HSDA is utilizing more detailed Historical and Projected Data Charts. Please complete the revised Historical and Projected Data Charts provided as an attachment. Please note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should also include any management fees paid by agreement to third party entities not having common ownership with the applicant. Management fees should not include expense allocations for support services, e.g., finance, human resources, information technology, legal, managed care, planning marketing, quality assurance, etc. that have been consolidated/centralized for the subsidiaries of a parent company.

There appears to be a typo on the Historical Data Chart in the Year 2011 for salaries and wages in the amount of \$656,396,820. Please clarify.

There appears to be calculation errors in the Year 2011 column of the Historical Data Chart, and in the calculation of the deductions from operating revenue for the years 2011 and 2013. Please revise.

The Historical Data Chart is missing the totals for net operating income (loss). Please revise.

12. Section C, Economic Feasibility, Item 4 (Projected Data Chart)

There appears to be a calculation error in the deductions for operating revenue for the Year 2018. Please revise.

Please clarify the reason there is an increase in depreciation from \$9,442,547 in 2017 to \$11,888,976 in 2018.

The Projected Data Chart includes the Years 2017 and 2018. The Project Completion Forecast Chart indicates the initiation of service in March 2018. Please clarify.

13. Section C, Economic Feasibility, Item 5

Please revise the project's average gross charge, average deduction from operating revenue, and average net charge if there are revisions to the Projected Data Chart.

14. Section C, Economic Feasibility, Item 9

The applicant estimates the TennCare payor mix for the project to be 64% of net operating revenue in Year One. On page 24 of the East Tennessee Children's Hospital Association, Inc. and subsidiaries consolidated financial statement for the period ending June 30, 2013, the TennCare percentage of gross receivables from TennCare is 44%. Please clarify.

What percentage of the total (not net) project revenue is anticipated from TennCare?

The applicant is projecting approximately \$1,397,361, or 1% for charity care. It appears the amount allocated equals .75% charity care. Please clarify.

15. Section C, Orderly Development, Item 7.b

Please clarify when the Joint Commission Accreditation expires. In addition, please provide a copy of the latest Joint Commission survey summary.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." For this application the sixtieth (60th) day after written notification is Friday, March 21, 2014. If this application is not deemed complete by this date, the application will be deemed void. Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Resubmittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the <u>next review cycle</u>, then consideration of the application could be delayed into a later review cycle. The review cycle for each

Ms. Kim Looney January 24, 2014 Page 8

application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. 3 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please contact this office.

Sincerely,

Phillip Earhart HSD Examiner

Enclosure

HISTORICAL DATA CHART

			Year	Year	Year
A.	Uti	lization Data (Specify unit of measure)			
В.	Re	venue from Services to Patients			
	1.	Inpatient Services	\$	\$	\$
	2.	Outpatient Services			
	3.	Emergency Services			
	4.	Other Operating Revenue (Specify)		3 7	
		Gross Operating Revenue	\$	\$	\$
C.	Dec	ductions from Gross Operating Revenue			
	1.	Contractual Adjustments	\$	\$	\$
	2.	Provision for Charity Care			
	3.	Provisions for Bad Debt		-	
		Total Deductions	\$	\$	\$
NE'	T OF	PERATING REVENUE	\$	\$	\$
D.	Ope	erating Expenses		:	
	1.	Salaries and Wages	\$	\$	\$
	2.	Physician's Salaries and Wages			
	3.	Supplies	-		
	4.	Taxes			
	5.	Depreciation	-		
	6.	Rent	4		7
	7.	Interest, other than Capital	-	-	
	8.	Management Fees:			
		a. Fees to Affiliates		-	
		b. Fees to Non-Affiliates			
	9.	Other Expenses – Specify on separate page 12			-
		Total Operating Expenses	\$	\$	\$
E.	Oth	er Revenue (Expenses) – Net (Specify)	\$	\$	\$
NE'	г ор	ERATING INCOME (LOSS)	\$	\$	\$
F.	Cap	ital Expenditures			
	1.	Retirement of Principal	\$	\$	\$
	2.	Interest		*	Ψ
		Total Capital Expenditures	\$	\$	\$
NET	Г ОР	ERATING INCOME (LOSS)			
		APITAL EXPENDITURES	\$	\$	\$

Ms. Kim Looney January 24, 2014 Page 10

			Year	Year
A.	Uti	lization Data (Specify unit of measure)		
B.	Rev	venue from Services to Patients		
	1.	Inpatient Services	\$	\$
	2.	Outpatient Services		-
	3.	Emergency Services	-	
	4.	Other Operating Revenue (Specify)		
		Gross Operating Revenue	\$	\$
· •	Dec	ductions from Gross Operating Revenue		
	1.	Contractual Adjustments	\$	\$
	2.	Provision for Charity Care		
	3.	Provisions for Bad Debt	-	#: <u>*********</u>
		Total Deductions	\$	\$
ET	OP	ERATING REVENUE	\$	\$
).	Оре	erating Expenses		
	1.	Salaries and Wages	\$	\$
	2.	Physician's Salaries and Wages	=	
	3.	Supplies		
	4.	Taxes		-
	5.	Depreciation		
	6.	Rent		
	7.	Interest, other than Capital		3 € 10
	8.	Management Fees:		
		a. Fees to Affiliates		
	0	b. Fees to Non-Affiliates		
	9.	Other Expenses – Specify on separate page 12	•	6
	ر ا	Total Operating Expenses	\$	
		er Revenue (Expenses) Net (Specify)	\$	
		ERATING INCOME (LOSS)	\$	\$
		Retirement of Drive in al	ው	ď.
	1.	Retirement of Principal	\$	\$
	2.	Interest Total Capital Expenditures	\$	\$
	-			-
		ERATING INCOME (LOSS) APITAL EXPENDITURES	\$	\$

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year	Year	Year
1.	\$	\$	\$
2.			
3.		-	
4.	-	> 	
5.	s 	-	
6.	-	-	
7.	7 <u>2</u>		
Total Other Expenses	\$	\$	\$

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year	Year
1.	\$	\$
2.		-
3.	(2	
4.	-	-
5.	-	
6.		
7.		
Total Other Expenses	\$	\$

8